

# IFC PERSONAL MONEY MANAGERS, INC.

**ADV Part 2A, Firm Brochure**  
**Dated: August 6, 2015**

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This brochure provides information about the qualifications and business practices of IFC Personal Money Managers, Inc. If you have any questions about the contents of this brochure, please contact us at (212) 721-8713 or [gary@objectiveadvice.com](mailto:gary@objectiveadvice.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

References herein to IFC Personal Money Managers, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2           Material Changes**

There have been no material changes made to IFC Personal Money Managers, Inc.'s disclosure statement since last year's Annual Amendment filing on March 13, 2014. However, on November 25, 2014, IFC Personal Money Managers, Inc. filed for its initial registration with the Securities and Exchange Commission. As of December 17, 2014, IFC Personal Money Managers, Inc. has been registered with the SEC.

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#### **Item 4            Advisory Business**

- A. IFC Personal Money Managers, Inc. (the “Registrant”) is a corporation formed under the laws of the State of New York on February 2, 1982. The Registrant has been registered as an investment adviser since April 1, 2003. The Registrant is owned by Gary Schatsky.
- B. As discussed below, the Registrant offers to its clients (individuals, pension and profit sharing plans, trusts, estates and charitable organizations, etc) investment advisory services and financial planning and consulting services.

##### **INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant to provide non-discretionary investment advisory services on an hourly or fixed-fee basis. Before engaging the Registrant to provide investment advisory services, new clients will be required to enter into an *Investment Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Registrant’s annual investment advisory fee shall include investment advisory services, and general financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services pursuant to a stand-alone *Financial Planning Agreement* (see below).

The Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Then, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. The Registrant generally allocates or recommends that clients allocate investment assets among: exchange-listed securities, mutual fund shares, corporate debt, exchange traded funds (“ETFs”), US government securities, and certificates of deposit on a non-discretionary basis in accordance with the client’s designated investment objective(s). Once allocated, the Registrant provides ongoing monitoring and review of account performance, asset allocation and client investment objectives.

##### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, the Registrant may also provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis.

Before engaging the Registrant to provide stand-alone planning or consulting services, clients are required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before Registrant commences services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes including Registrant’s principal, Gary Schatsky and/or representatives, in their separate individual licensed capacities as attorneys (*See* disclosure below). The client is

under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

#### **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** If requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate registered and/or licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Tax Preparation Services.** To the extent requested by the client, the Registrant *may* determine to provide tax preparation services on a stand-alone separate fee basis. Registrant's tax preparation fees are generally between \$200 and \$550 per hour on an hourly basis. The Registrant, in its sole discretion, may adjust its tax preparation services fee or offer such services *gratis* to clients.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions without first obtaining the client's verbal consent.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client before, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2014, the Registrant had \$40,000,000 in assets under management on a non-discretionary basis.

## **Item 5            Fees and Compensation**

### **A. INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant to provide non-discretionary investment advisory services on a *fee-only* basis. Registrant's negotiable annual investment advisory fee is generally between \$10,000 and \$50,000 per year.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

The Registrant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally the Registrant charges \$5,000 on a fixed fee basis, or between \$200 and \$550 per hour on an hourly basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. The Registrant does not deduct advisory fees from client's custodial account. Instead, the Registrant bills the client directly, in which case, payment is generally due within thirty (30) days of the Registrant's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant shall generally recommend that Charles Schwab & Co., Inc. ("*Schwab*") and/or TD Ameritrade Inc. ("*TD Ameritrade*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* and/or *TD Ameritrade* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. The Registrant's annual investment advisory fee shall generally be prorated and paid six months in advance. The Registrant expects at least a thirty (30) day receivable period, so prepaid amounts are not required or solicited six months or more in advance. The

Registrant generally does not require a minimum annual investment advisory fee. The Registrant, in its sole discretion, may adjust its investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, within thirty days the Registrant shall remit the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing period, as applicable.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, and business entities. The Registrant generally does not require a minimum annual investment advisory fee. The Registrant, in its sole discretion, may adjust its investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.).

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

- A. The Registrant may utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
  - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). **Please Also Note:** Investing in securities involves risk of loss that clients should be prepared to bear.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading—are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Registrant recommends asset allocations based on a particular client's: economic situation, liquidity needs, risk tolerance, proposed investment period, need for diversification, reliance upon current income, present and anticipated tax situation. Registrant also considers historical yields, potential appreciation and marketability before making investment recommendations. Registrant recommends and manages many types of asset allocations, including: exchange-listed securities, mutual fund shares, corporate debt, ETFs, real estate investment trusts, US government securities, and certificates of deposit on a non-discretionary basis in accordance with the client's designated investment objective(s).

## **Item 9           Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

## Item 10      Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Licensed Attorney.** Gary Schatsky is licensed to practice law and is a sole proprietor who shares the same office space as the Registrant. To the extent that Mr. Schatsky provides legal services to any clients, including clients of the Registrant, all such services shall be performed by Mr. Schatsky, in his individual professional capacity, independent of the Registrant, for which services the Registrant shall not receive any portion of the fees charged by Mr. Schatsky, referral or otherwise. It is expected that Mr. Schatsky, solely incidental to his practice as an attorney, shall recommend the Registrant's services to certain of its clients. No client of the Registrant is under any obligation to use the services of Mr. Schatsky.

**Conflict of Interest.** The recommendation by the Registrant or its investment adviser representative, Gary Schatsky, that a client of the Registrant retain Mr. Schatsky to provide legal services of any kind presents a **material conflict of interest**, as the receipt of legal fees may provide an incentive to recommend Mr. Schatsky to provide legal services, rather than on a particular client's need. No client is under any obligation to retain Mr. Schatsky to provide legal services. At the Clients are reminded that they may acquire legal services through other, non-affiliated law firms. **The Registrant's Chief Compliance Officer, Gary Schatsky, remains available to address any questions that a client or prospective may have regarding the above conflicts of interest.**

- D. The Registrant does not recommend or select other investment advisors for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant



and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed before those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons.” The Registrant’s securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person’s account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person’s current securities holdings. However, at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **Item 12            Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab* and/or *TD Ameritrade*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab* and/or *TD Ameritrade* (or another broker-dealer/custodian) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the

lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. **Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Schwab* and/or *TD Ameritrade* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *TD Ameritrade* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* and/or *TD Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Gary Schatsky, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

**TD Ameritrade Institutional Customer Program**

Registrant 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. Registrant receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, Registrant participates in TD Ameritrade's institutional customer program and Registrant may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Registrant's participation in the program and the investment advice it gives to its Clients, although Registrant receives economic benefits through its 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 Registrant participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Registrant by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Registrant's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Registrant but may not benefit its Client accounts. These products or services may assist Registrant in managing and administering Client accounts, including accounts not maintained at TD Registrant. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise.

The benefits received by Registrant or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients,

**Registrant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Registrant's choice of TD Ameritrade for custody and brokerage services.**

**Registrant's Chief Compliance Officer, Gary Schatsky, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

**The Registrant's Chief Compliance Officer, Gary Schatsky, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services on a non-discretionary basis, account reviews are conducted on an ongoing by the Registrant's Principal. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

## Item 14      Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant may receive an economic benefit from *Schwab* and/or *TD Ameritrade*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab* and/or *TD Ameritrade* (which may include direct monetary assistance from *Schwab* and/or *TD Ameritrade* to obtain certain services or products). Specifically, the Registrant receives from *TD Ameritrade* the Performance Technologies Portfolio Center. A discussion of the Registrant's receipt of Additional Services from *TD Ameritrade* is discussed more fully below.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *TD Ameritrade* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* and/or *TD Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

### TD Ameritrade Additional Services

Registrant also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Morningstar Advisor Workstation, Schwab Performance Technologies, Internal Salesforce, NetDocuments and Aquumulate. TD Ameritrade provides the Additional Services to Registrant in its sole discretion and at its own expense, and Registrant does not pay any fees to TD Ameritrade for the Additional Services. Registrant and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Registrant's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Registrant, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Registrant's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Registrant, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Registrant may have an incentive to recommend to its Clients that the assets under management by Registrant be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Registrant's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

**The Registrant's Chief Compliance Officer, Gary Schatsky, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

**Item 15          Custody**

The Registrant does not have custody of client funds or securities. The Registrant does not deduct advisory fees from client accounts. Clients will receive account statements directly from the broker-dealer/custodian and the client should carefully review those statements.

**Item 16          Investment Discretion**

The Registrant does not accept discretionary authority to manage securities accounts on behalf of clients.

**Item 17          Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

**Item 18          Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant does not have discretionary authority or custody of client funds nor does it require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- C. The Registrant has not been the subject of a bankruptcy petition at any time during the past ten years.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Gary Schatsky, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**