



## **EFG Corporation**

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March 2011

This brochure provides information about the qualifications and business practices of EFG Corporation. If you have any questions about the contents of this brochure, please contact us at 214-473-9200 and/or jgeorgopoulos@efgcorp.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 EFG Corporation also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

Because much of the information in this Part 2A of Form ADV is additional information not previously provided in our Part II of Form ADV, we recommend that you read this Part 2A of Form ADV in its entirety. However, there have been no material changes to our business since we updated our Part II Form ADV in 2010.

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## ADVISORY BUSINESS

### Advisory Firm Description

EFG Corporation ("EFG" or the "Firm") has been in business since October 2002. The principal owners are Jerry Georgopoulos and Timothy Sear.

### Types of Advisory Services

EFG provides two separate services, which are paid for by different entities, but may be provided to the same individuals.

#### Executive Services

The Firm is often hired by companies (the "Employer") for the benefit of their corporate executives. The Firm provides these individuals with:

- Tax planning and preparation
- Estate planning
- Insurance planning
- Employee benefit analysis
- Retirement planning
- Quarterly written statements

The Firm provides Executive Services recipients with quarterly statements of net worth, stock option charts, tax projections, tax returns, estate planning flow charts, insurance sufficiency models, and retirement cash flow models.

#### Investment Advisory Services

In addition, some of these executives may wish to hire the Firm to provide additional services, which the individuals (the "Client") pay for directly. These services may include:

- Designing, implementing, monitoring and maintaining a financial plan detailing the Client's risk tolerance, economic assumptions and target asset allocation.
- Advising on specific financial issues.
- Establishing financial goals.
- Reviewing and providing a statement of current financial position.
- Analyzing cash flow.
- Reviewing debt management.
- Coaching or validation in addressing a particular financial topic.
- Managing the Client's investable assets
- Monitoring Client accounts on an ongoing basis.
- Meeting with the Client on a periodic basis to review portfolio and plan.

Assets may be invested in three different ways:

1) *EFG directly manages the assets by:*

- Selecting specific investments
- Placing trades in the Client's account
- Rebalancing the account as necessary

2) *Envestnet may assist EFG by:*

- Assisting with account administration
- Selecting investments as appropriate
- Placing trades in the Client's account
- Rebalancing the account as appropriate

3) *Genworth may assist EFG by:*

- Assisting with account administration
- Selecting investments as appropriate
- Placing trades in the Client's account
- Rebalancing the account as appropriate

Clients obtain these services by executing a Discretionary Investment Advisory Services Agreement with the Firm, whereby the Client agrees to pay the Firm for this service. After assessing the Client's needs and gathering financial information at an initial consultation, the Firm develops a financial plan for the Client. Additionally, the Firm organizes the financial topics that are most important to the Client and implements the strategy. EFG advises on asset allocation and recommends specific investments as necessary to fill holes in their current allocation.

### **Tailored Advisory Services**

Clients can impose restrictions on investing in certain securities.

### **Wrap Fee Programs**

Wrap fee programs are programs in which transaction and management fees are "wrapped" into one fee. EFG may recommend that Clients participate in such programs through Envestnet or Genworth. Clients participating in these programs receive documentation from either Envestnet or Genworth which fully explain the program. The Client pays the same fee as if EFG were to manage their assets directly, but the fee is shared between EFG and either Genworth or Envestnet and includes some transaction fees. EFG receives a portion of the wrap fee Clients pay for these programs.

### **Client Assets Under Management**

At December 31, 2010, EFG had \$223,136,000 of discretionary assets under management. The Firm does not manage assets on a non-discretionary basis.

## FEES AND COMPENSATION

### Executive Services Fees

The Executive Services fee is negotiated on an annual basis with the sponsoring corporation and is paid by the corporation to EFG annually in advance.

### Investment Advisory Services Fees

Clients of EFG's Executive Services pay 0.25% of assets under management annually in arrears.

Investment Advisory Services fees are billed to Clients not in an Executive Services program are charged on a percent of assets under management basis, and are billed quarterly in arrears at the rate of one quarter of the following:

<u>Account Assets Under Management</u>	<u>Yearly Advisor Fee</u>
Assets up to and including \$100,000	1.00% plus
Assets over \$100,000 and up to and including \$999,999	0.75% plus
Assets over \$999,999	0.50%

Assets are valued by the custodian as of the close of market on the last business day of each quarter. This fee (which is negotiable) is separate from transaction, exchange, wire transfer, margin interest or account fees charged by the custodian. This fee is also deducted from the client's account.

When EFG recommends a mutual fund for a Client's account, three separate fees may be charged to the client, either directly or indirectly. The first fee is EFG's investment management fee where the fund is included in the asset base for the quarterly fee calculation. The second is the set of internal fees charged by the investment company for the fund's investment management, marketing, administration and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each Client by the custodian. (This set of fees also applies to any money market fund purchased in the client's account.) The third fee may be a transaction fee which is assessed by the custodian for its service of providing access to a universe of mutual fund families through one account. To avoid such fees a Client would be required to open a separate account with each individual mutual fund company instead of using the custodian recommended by EFG, which would also negatively affect the Firm's ability to deliver its services efficiently. Not all mutual fund trades enacted by EFG incur this transaction fee. When recommending mutual funds for Client portfolios, EFG only recommends no-load funds.

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

EFG does not receive performance-based fees.

## **TYPES OF CLIENTS**

EFG provides investment advice and manages investment advisory accounts for high net worth individuals. EFG provides additional services to corporations.

EFG Corporation has a minimum dollar value of \$100,000 in order for an account to be managed. The firm reserves the right to waive or lower this minimum.

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

EFG evaluates potential and existing investments using outside research materials which analyze an investment's performance as compared to its peers.

The investment strategies used by EFG to implement investment advice include the following:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)

EFG may recommend no load mutual funds, ETFs, individual securities, and life settlement purchases for investments in Client accounts. With respect to these life settlement purchases, he receives a one-time commission payout of 7%, when appropriate. This value of the life settlement is not included in the account assets under management when calculating the investment advisory fee.

EFG does not guarantee the future performance of the account or any specific level of performance, the success of any investment recommendations that EFG may use, or the success of EFG's overall management of the account or any security bought or sold for the Client's account. The Client understands that investment recommendations made for the account by EFG are subject to various market, currency, economic, political and business risks, and that those investment recommendations will not always be profitable. Risks of holding life settlements include the risk that the intermediary entity processing the payments and transfer of funds might fail. The Client also understands that long-term investments in equity securities generally yield higher returns than short-term investments in equity securities; however, EFG does not guarantee that long-term investments will be profitable.

## **DISCIPLINARY INFORMATION**

There have been no disciplinary actions against EFG or Mr. Georgopoulos.

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

Mr. Georgopoulos completes tax filings for some individuals separately. He spends approximately 5 - 10% of his time on this aspect of the business.

Recommending the purchase of life settlements creates a conflict of interest between EFG and its Clients, as the Firm is recommending the purchase of securities on which EFG personnel earn a commission.

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

### **Code of Ethics**

EFG has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”) and focuses on three specific areas where employee conduct has the potential to adversely affect the Client: misuse of confidential information; personal securities trading and outside business activities. Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any Client or prospective Client may request a copy of the Firm’s Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before the Firm’s interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees’ interests on the one hand and Clients’ on the other.
- Employees must operate on the Firm’s behalf and on their own behalf consistently with the Firm’s disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to Clients.
- The Firm and its employees must always comply with all applicable securities laws.

### **Misuse of Nonpublic Information**

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal or Client securities trades.

### **Personal Securities Trading**

EFG Corporation or individuals associated with the Firm (“Access Persons”) may not anticipate equity trades to be placed in Client accounts. Therefore, Access Persons may only place trades in personal accounts at least the trade day after a particular security has been traded by EFG for a Client. All trades by Access Persons are subject to review by the Chief Compliance Officer. No Access Person can trade in stock, bonds or derivatives of companies with which the Firm has an Executive Services agreement.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm’s policies.



### **Outside Business Activities**

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with Clients, such conflicts will be fully disclosed or the employee may be directed to cease such activity. Firm personnel may be directors of publicly traded entities only with prior approval of the Chief Compliance Officer.

## **BROKERAGE PRACTICES**

The Firm recommends Clients use Charles Schwab & Co., Inc. ("Schwab") or Fidelity Institutional Wealth Services ("Fidelity") as their custodian, although other custodians may also be used by EFG. As a fiduciary for Clients, the Firm considers the following in evaluating custodians and best execution:

- the range of mutual funds available,
- financial stability,
- quality of reporting,
- accessibility of branches,
- information on the Internet,
- competitive commission structure and
- availability of service staff.

### **Research and Other Soft-Dollar Benefits**

"Soft dollars" is a term applied to commission revenue generated by Client trades which is then used to pay for services provided to an investment advisor. These services must apply to benefit Clients and include research and other related services as defined by Section 28(e) of the Securities and Exchange Act of 1934.

Although EFG has no formal "soft dollar" arrangements, both Schwab and Fidelity provide the Firm with access to electronic downloads of Client data, research, newsletters, seminars and conferences.

### **Brokerage for Client Referrals**

The Firm does not receive referrals from any broker/dealer.

### **Directed Brokerage**

Clients are allowed to direct brokerage if it is reasonable to do so in the opinion of the EFG. When brokerage is directed, commissions are not negotiated by EFG and the factors considered by EFG described above are not applicable. As a result, the Client may not be receiving best execution on trades where the Client has directed brokerage.

### **Order Aggregation**

EFG will generally aggregate brokerage orders for its Clients and allocate the securities purchased or sold among the participating accounts, with each account receiving the same terms. The proportion in which participating accounts will share transactions will

be determined by the Firm on the basis of investment objectives, cash availability, expected cash and liquidity needs and other relevant factors. The overarching principle for that allocation is that no Client is intentionally favored over another Client that is similarly situated.

## **REVIEW OF ACCOUNTS**

Mr. Georgopoulos, President and Chief Compliance Officer, conducts all reviews of accounts. Reviews are generally conducted on a quarterly basis, since Clients are encouraged to meet with the firm at least quarterly. Additional reviews may be triggered by events such as a Client meeting, change in a Client's risk tolerance, financial position or investment objective, change in a company or fund's management, unusual market or economic circumstances or other unforeseen event.

The Firm provides all Investment Management Clients with a written annual report of Investment Management fees paid. Other reports may be provided as requested by Clients.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

EFG does not pay outside parties for referring Clients.

## **CUSTODY**

Since the Firm is given authority by its Clients to deduct their investment management fee, the SEC deems the Firm to have a form of custody. (Custody is defined as the Firm's having any access to clients' cash or securities.) The Firm has no actual custody of Client securities or funds.

Clients are required to open accounts with qualified custodians for cash and publicly traded securities. These custodians send Clients monthly or quarterly account statements directly. When clients receive their account statements from the qualified custodian, they should carefully review those statements and take the time to compare them with those they receive from EFG. If the client finds significant discrepancies, the custodian and EFG should be notified.

## **INVESTMENT DISCRETION**

The Firm may have discretion to trade in any of its Clients' accounts for which Executive Services are provided, if the Client hires the Firm to provide investment supervisory services in addition to the services provided by the Employer. The Firm will then have full trading authority over Client accounts under a limited power of attorney. As a result, EFG will determine both the investments, and how much of each, should be purchased or sold on each client's behalf. (Some Clients who engaged EFG as their investment advisor in the past have granted EFG only non-discretionary trading authority.)

## **VOTING CLIENT SECURITIES**

EFG does not vote proxies or class action shareholder suits for its Clients. Clients receive proxy material directly from their account custodian by either email or U.S. mail. Clients may address questions concerning a proxy matter to EFG personnel.

## **FINANCIAL INFORMATION**

As soon as the balance sheet is audited, it will be attached.