

# **Black Label Wealth Management, LLC**

**CRD Number: 132619**

## **Brochure**

### **Dated June 12, 2012**

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**This brochure provides information about the qualifications and business practices of Black Label Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (208) 860-4244 or [Daniel@blacklabelwealth.com](mailto:Daniel@blacklabelwealth.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 Black Label Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Black Label Wealth Management, LLC 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 Black Label Wealth Management, LLC's disclosure statement since last year's Annual Amendment filing on March 24, 2011.

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#### Item 4            Advisory Business

- A. Black Label Wealth Management, LLC (“BLWM”) is a limited liability company formed in April 2005 in the State of Idaho. BLWM subsequently became a Colorado limited liability company in 2010. BLWM became registered as an Investment Adviser firm in February 2008. BLWM is owned by Daniel J. Wiggins. Mr. Wiggins is BLWM’s Managing Member.
- B. As discussed below, BLWM offers to its clients (individuals, pension and profit sharing plans, trusts, estates and charitable organizations, etc.) investment advisory services. BLWM **does not** hold itself out as providing financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage BLWM to provide discretionary investment advisory services on a *fee-only* basis. BLWM offers its clients access to its Black Label Portfolio™, a model portfolio. The Black Label Portfolio™ is a statistically based, multi-manager, multi-strategy portfolio, focused on delivering positive returns in both up and down markets. The portfolio utilizes uncorrelated long and short strategies to invest in U.S. equity, bond, high yield, and emerging markets. BLWM’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under BLWM’s management.

#### **MISCELLANEOUS**

**Limited Consulting/Implementation Services.** Although BLWM does not hold itself out as providing financial planning, estate planning or accounting services, to the extent specifically requested by the client, BLWM *may* provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. BLWM shall not receive any separate or additional fee for any such consultation services. Neither BLWM, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of BLWM’s services should be construed as same.

To the extent requested by a client, BLWM may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. Clients who engage the services of recommended professionals are reminded that they retain absolute discretion over all implementation decisions suggested by the recommended professionals and that they are free to accept or reject any such recommendations. **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.

**Investment Timing Services.** BLWM *may* also offer investment-timing services to non-investment management clients. Subscribers to BLWM’s investment-timing services are usually, but not limited to, institutional and/or otherwise registered investment advisors.

**Sub-Advisory Services.** BLWM may be engaged to provide sub-advisory services by third party unaffiliated investment advisers and/or bank/trust companies (exempt advisers), to assist with the management of their tactical /strategic investment programs. BLWM/sub-adviser is compensated directly by the third party unaffiliated investment advisers and/or bank/trust companies (exempt advisers) with a portion of their investment management fee, as per the duly executed sub-advisory services agreement.

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), BLWM *may* maintain cash positions for defensive purposes. All cash positions (money markets, etc) shall be included as part of assets under management for purposes of calculating BLWM's advisory fee. **BLWM's Chief Compliance Officer, Daniel J. Wiggins, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

**Client Obligations.** In performing its services, BLWM 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 BLWM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising BLWM's previous recommendations and/or services.

**Disclosure Statement.** A copy of BLWM's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Management Agreement*. Any client who has not received a copy of BLWM's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement* shall have five business days subsequent to executing the agreement to terminate BLWM's services without penalty.

- C. Individualized investment portfolios are not currently offered by BLWM. Instead, all client assets are invested in BLWM's Black Label Portfolio™. Prior to investing a client's assets into the Black Label Portfolio™, an investment adviser representative will ascertain whether an investment in the model portfolio is appropriate based upon the client's investment objective(s). Thereafter, BLWM shall allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on BLWM's services.
- D. BLWM does not participate in a wrap fee program.
- E. As of December 31, 2011, BLWM had \$15,000,000 in assets under management on a discretionary basis.

## **Item 5            Fees and Compensation**

- A. The client can determine to engage BLWM to provide discretionary investment advisory services on a *fee-only* basis.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage BLWM to provide discretionary investment advisory services on a *fee-only* basis. BLWM's annual investment advisory fee is based upon a

percentage (%) of the market value of the assets placed under BLWM's management as follows:

<u>Account Type:</u>	<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Black Label Portfolio™	\$250,000 and above	2.5%*

\*BLWM's standard Black Label Portfolio™ account fee is higher than what is generally charged by other investment adviser firms. Similar services may be available from other investment adviser firms for a lower fee.

BLWM typically requires a one-time setup fee of \$250.00 per new client household. BLWM generally requires an initial setup fee to offset the initial cost of reviewing a client's assets and developing appropriate investment objectives.

- Many investment adviser firms do not charge initial setup fees and similar services may be available without a separate setup fee.

As indicated below in Item 6, BLWM may also offer its services on a Performance Basis to qualified clients. Clients who engage BLWM on a Performance Basis pay a management fee of 0.5% of assets under management plus 20% of the account gains in the event that the account reaches or exceeds any rolling **high water mark** or exceeds any previous accrued account losses (i.e., BLWM shall first be required to first reach or exceed any **high water mark** or make-up accrued account losses that may have been incurred during any previous quarter(s)).

Please Note: BLWM, in its sole discretion, may charge a lesser investment management fee than as stated above based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

- B. BLWM shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. Clients may elect to have BLWM's advisory fees deducted from their custodial account. Both BLWM's *Investment Management Agreement* and the custodial/ clearing agreement authorize the custodian to debit the account for the amount of BLWM's investment advisory fee and to directly remit that management fee to BLWM. BLWM shall provide a copy of the client invoice to the custodian at the same time it is provided to the client. The custodian shall provide account statements, at least quarterly, to each client. Account statements provided by the client's custodian shall include the amount of BLWM's advisory fee debited from the client's account.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, BLWM shall generally recommend that Fidelity Investments ("Fidelity") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Fidelity* 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 BLWM'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. BLWM's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. BLWM generally requires a minimum asset level of \$250,000 for investment advisory services. However, BLWM, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Management Agreement* between BLWM and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Management Agreement*. Upon termination, BLWM shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter. Any client shall have five business days subsequent to executing the *Investment Advisory Agreement* to terminate BLWM's services without penalty.

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

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

Rule 205-3 of the Investment Advisers Act of 1940 and similar state statutes and rules permit a registered investment adviser to enter into a performance fee agreement with certain clients who meet the definition of a qualified client. An adviser can enter into a performance fee agreement with "eligible" clients. An eligible client is defined in Rule 205-3 and similar state statutes and rules, as natural persons and companies that have *either* at least \$1Million under management with BLWM immediately after entering into a performance fee agreement *or* a net worth at the time the agreement is entered into in excess of \$2 Million (i.e. a natural person's net worth may include assets held jointly with a spouse). The terms and conditions of the performance fee arrangement shall be set forth in an *Addendum* to the *Investment Management Agreement*. In the *Addendum*, the client will be required to represent and/or warrant that he/she/it: (1) is an "eligible" client as defined immediately above; (2) understands that BLWM is relying upon such representation for compliance with Rule 205-3 and similar state statutes and rules.

Because BLWM's compensation shall be directly related to client's account performance, this arrangement creates a **conflict of interest**, as BLWM has an incentive to make investment recommendations and decisions that are riskier or more speculative than BLWM would normally have made absent a *Performance Fee*. **Please Note:** As referenced in BLWM's Code of Ethics, BLWM is bound by a fiduciary duty to its clients. In accordance with its Code of Ethics, BLWM provides investment advisory services consistent with each client's best interests. **BLWM's Chief Compliance Officer, Daniel J. Wiggins, remains available to address any questions regarding this conflict of interest.**

## **Item 7            Types of Clients**

BLWM's clients shall generally include individuals, pension and profit sharing plans, trusts, estates, and charitable organizations. BLWM generally requires a minimum asset level of \$250,000 for investment advisory services. However, BLWM, in its sole

discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.)

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

A. BLWM shall 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)
- 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)

BLWM shall 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)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)

**Please Note: Investment Risk.** 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 BLWM) will be profitable or equal any specific performance level(s).

B. Every method of analysis has its own inherent risks. To perform an accurate market analysis, BLWM must have access to current/new market information. BLWM has no control over the dissemination rate of market information; therefore, unbeknownst to BLWM, certain analyses may be compiled with outdated market information, severely limiting the value of BLWM'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.

BLWM uses a layered proprietary methodology to make its investment decisions. This system filters market data and generates signals for BLWM to go enter, exit, and stand aside. Because BLWM's proprietary methodology does not require that funds be invested 100% of the time, BLWM may be able to assume less risk than methodologies that require holding stocks at all times. Furthermore, BLWM's methodology ensures that BLWM analyze macro-economic trends, market cycles, and current technical condition of the market.

BLWM'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.

In addition to the fundamental investment strategies discussed above, BLWM may also implement and/or recommend – short selling and use of margin. Each of these strategies has a high level of inherent risk. (See discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by BLWM in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to BLWM may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the ***conflict of interest*** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to BLWM. **Please Note:** As referenced in BLWM's Code of Ethics, BLWM is bound by a fiduciary duty to its clients. In accordance with its Code of Ethics, BLWM provides investment advisory services consistent with each client's best interests. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

- C. As discussed above in Item 4B, individualized investment portfolios are not currently offered by BLWM. Instead, all client assets are invested in BLWM's Black Label Portfolio™. Prior to investing a client's assets into the Black Label Portfolio™, an investment adviser representative will ascertain whether an investment in the model portfolio is appropriate based upon the client's investment objective(s). Thereafter, BLWM shall allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on BLWM's services.

**Black Label Portfolio™:**

This account is designed to achieve equity-like returns with less than half the risk of

traditional portfolios. Black Label™ accounts utilize a "Balanced" style portfolio structure. Up to 30-40% of the account will be invested in strategic securities with the remaining percentage devoted to tactical investments. "Strategic" investments refer to investments that follow broader market trends and are often longer-term investments. In contrast, "tactical" investments refer to investments that are more sector oriented and tend to follow a micro-economic approach. Tactical investments tend to be short-term investments that are dynamic and are designed to respond to specific investment scenarios. Because the tactical portion of the portfolio will not be invested 100% of the time, there will be large holdings of cash at times. The primary investment vehicles will be no-load mutual funds. The Black Label™ account is expected to have moderate risk and price fluctuations with estimated equity drawdowns of 8.0% or less. An equity drawdown is a measure of how much a portfolio might decline below its high-water mark in a given year.

## **Item 9            Disciplinary Information**

BLWM has not been the subject of any disciplinary actions.

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

- A. Neither BLWM, 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 BLWM, 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. BLWM does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.
- D. BLWM may refer prospective clients to other investment advisors. If BLWM refers a prospective client to another investment advisor, and the client engages the investment advisor, BLWM shall be compensated for its services by receipt of a referral fee to be paid by investment advisor in accordance with the requirements of Colorado Rule 51-4.9(IA) and Rule 206(4)-3 of the Investment Advisers Act of 1940. **Please Note:** Any such referral fee shall be paid solely from the investment advisor's investment management fee. Clients will not pay a higher a higher investment advisory fee as a result of being introduced to BLWM through a solicitor relationship. **BLWM's Chief Compliance Officer, Daniel J. Wiggins, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest such arrangement create.**

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

- A. BLWM maintains an investment policy relative to personal securities transactions. This investment policy is part of BLWM's overall Code of Ethics, which serves to establish a standard of business conduct for all of BLWM's Associated Persons 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 and similar state statutes and rules, BLWM also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by BLWM or any person associated with BLWM.

- B. Neither BLWM nor any related person of BLWM recommends, buys, or sells for client accounts, securities in which BLWM or any related person of BLWM has a material financial interest.
- C. BLWM and/or representatives of BLWM *may* buy or sell securities that are also recommended to clients. This practice creates a situation where BLWM 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 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 BLWM 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 prior to those of BLWM’s clients) and other potentially abusive practices.

BLWM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of BLWM’s “Access Persons”. BLWM’s securities transaction policy requires that Access Person of BLWM 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. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date BLWM selects. Access Persons who engage in personal transactions in violation of BLWM’s transaction policy shall be reprimanded and, to the extent required by state or federal statutes and regulations, reported, accordingly.

- D. BLWM and/or representatives of BLWM *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where BLWM 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 conflict of interest. As indicated above in Item 11.C, BLWM has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of BLWM’s Access Persons. Because of BLWM’s fiduciary duty to its clients, BLWM’s trading policy prevents any related person from receiving a material benefit that is greater than the benefit the client receives when transacting in like securities.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that BLWM recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct BLWM to use a specific broker-dealer/custodian), BLWM generally recommends that investment management accounts be maintained at *Fidelity*. Prior to engaging BLWM to provide

investment management services, the client will be required to enter into a formal *Investment Management Agreement* with BLWM setting forth the terms and conditions under which BLWM shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that BLWM considers in recommending *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with BLWM, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by BLWM's clients shall comply with BLWM'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 BLWM 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 services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although BLWM 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, BLWM's investment management fee. BLWM'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, BLWM may receive from *Fidelity* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist BLWM to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by BLWM 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 BLWM 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 BLWM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist BLWM to manage and further develop its business enterprise.

BLWM's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* as a result of this arrangement. There is no corresponding commitment made by BLWM to *Fidelity* 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.

Although BLWM may receive the benefits described above as a result of its decision to recommend *Fidelity* as a custodian to its clients; it should be noted that most custodial agreements between investment advisers will provide for the same or

substantially similar benefits. Furthermore, as a result of BLWM's agreement with *Fidelity*, clients will be able to avail themselves of certain trading efficiencies, such as batch trading. Therefore, BLWM believes that its recommendation of *Fidelity* is consistent with its fiduciary obligation to its clients.

**Conflict of Interest:** The recommendation that a client choose to custody their assets at *Fidelity* presents a *conflict of interest*. The recommendation is a conflict of interest because, as noted above, BLWM may receive certain benefits from its relationship with *Fidelity*. No client is under any obligation to custody their assets at *Fidelity*. **BLWM's Chief Compliance Officer, Daniel J. Wiggins, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement.**

2. BLWM does not receive referrals from broker-dealers.
3. BLWM 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 BLWM 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 BLWM. 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 BLWM 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 BLWM.

**BLWM's Chief Compliance Officer, Daniel J. Wiggins, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that BLWM provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless BLWM decides to purchase or sell the same securities for several clients at approximately the same time. BLWM may (but is not obligated to) combine or "bunch" such orders to obtain best execution or to allocate equitably among BLWM'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. BLWM shall not receive any additional compensation or remuneration as a result of such aggregation.

### Item 13      Review of Accounts

- A. BLWM's Principal, Daniel J. Wiggins, is the principal account reviewer. Mr. Wiggins has developed a proprietary method of investment analysis. Each portfolio holding is reviewed on a daily or weekly basis in the context of its position within the model. All investment supervisory clients are advised that it remains their responsibility to advise BLWM 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 BLWM on an annual basis.
- B. BLWM *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. BLWM also provides written invoices quarterly to clients which itemize fee deductions which are directly debited from the client's custodial account.

### Item 14      Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, BLWM may receive an indirect economic benefit from *Fidelity*. BLWM, without cost (and/or at a discount), may receive support services and/or products from *Fidelity*.

BLWM's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* as a result of this arrangement. There is no corresponding commitment made by BLWM to *Fidelity* 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.

**BLWM's Chief Compliance Officer, Daniel J. Wiggins, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest any such arrangement.**

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

### Item 15      Custody

BLWM shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. 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. BLWM may also provide a written periodic report summarizing account activity and performance. BLWM does not hold, directly or indirectly, client funds or securities. BLWM is deemed to have custody because, and only to the extent that, BLWM has the

authority to directly deduct fees from client accounts. Please see Item 5B above for more information pertaining to BLWM's debiting of fees from client accounts.

**Please Note:** To the extent that BLWM provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by BLWM with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of BLWM's advisory fee calculation.

## **Item 16 Investment Discretion**

BLWM provides investment advisory services solely on a discretionary basis. Prior to BLWM assuming discretionary authority over a client's account, client shall be required to execute an *Investment Management Agreement*, naming BLWM as client's attorney-in-fact and agent, granting BLWM full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage BLWM on a discretionary basis may, at anytime, impose restrictions, **in writing**, on BLWM's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe BLWM's use of margin, etc).

## **Item 17 Voting Client Securities**

- A. BLWM does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially 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 BLWM to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. BLWM does not solicit fees of more than \$500, per client, six months or more in advance.
- B. The BLWM is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. BLWM has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: BLWM's Chief Compliance Officer, Daniel J. Wiggins, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

**Item 19            Requirements for State-Registered Advisors**

- A. Daniel J. Wiggins is a principal owner and Managing Member of BLWM. More information about Mr. Wiggins can be found in Mr. Wiggins's Part 2B Brochure Supplement.
- B. BLWM is not engaged in any other business than as set forth in this Brochure.
- C. Neither BLWM nor its Representatives are compensated on a performance fee basis.
- D. Neither BLWM nor its representatives have been the subject of any disciplinary action.
- E. Neither BLWM, nor its representatives have any relationship or arrangement with any issuer of securities.

**ANY QUESTIONS: BLWM's Chief Compliance Officer, Daniel J. Wiggins, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**