

**Part 2A Appendix 1 of Form ADV:**

**Wrap Fee Program Brochure**

**Sponsored by:**

**Lenox Wealth Management, Inc.**

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**IARD/CRD Number: 132818**

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Lenox Wealth Management, Inc.. If clients have any questions about the contents of this brochure, please contact Lenox Wealth Management, Inc. at (513) 618-7080 or [ebuhr@lenoxwealth.com](mailto:ebuhr@lenoxwealth.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

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

The use of the term registered investment adviser does not imply a certain level of skill or training.

**March 30, 2018**

**Item 2 – Material Changes**

This Wrap Brochure was initially filed on September 30, 2016. There have been no material changes to this Wrap Brochure since that initial filing.

### **Item 3 – Table of Contents**

Part 2A Appendix 1 of Form ADV:.....	1
Wrap Fee Program Brochure .....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents .....	3
Item 4 - Services, Fees and Compensation .....	4
Item 5 - Account Requirements and Types of Clients .....	5
Item 6 - Portfolio Manager Selection and Evaluation .....	5
Item 6.A – Selection and Review of Portfolio Managers.....	5
Item 6.B – Advisory Business, Performance-Based Fees and Side- By-Side Management, Methods of Analysis, Investment Strategies And Risk Of Loss, And Voting Client Securities	6
Item 6.B1 – Advisory Business.....	6
Item 6.B2 – Performance-Based Fees and Side-By-Side Management .....	6
Item 6.B3 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 6.B3(a) – Methods of Analysis.....	7
Item 6.B3(b) – Investment Strategies .....	7
Item 6.B3(c) – Risk of Loss .....	7
Item 6.B4 – Voting Client Securities .....	9
Item 7 - Client Information Provided to Portfolio Manager(s) .....	10
Item 8 - Client Contact with Portfolio Manager(s).....	10
Item 9 - Additional Information .....	10
Item 9.A –Disciplinary Information; Other Financial Industry Activities .....	10
Item 9.B – Code of Ethics; Review of Accounts; Client Referrals And Other Compensation; And Financial Information .....	11
Item 9.B1 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 9.B2 – Review of accounts.....	13
Item 9.B3 – Client referrals and other compensation .....	13
Item 9.B4 – Financial information .....	15
Confidentiality.....	15

## **ITEM 4 - SERVICES, FEES AND COMPENSATION**

Lenox Wealth Management, Inc. ("our", "us", "we", or "Lenox") is a SEC registered investment adviser with its principal place of business located in Ohio. We began conducting business in 2004.

Listed below are our principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- John C. Lame, CEO

### **Asset Management Wrap Fee Program**

We emphasize continuous and regular account supervision. As part of our wrap fee program asset management service, we generally select from a wide range of portfolios managed by third party money managers. The primary manager we work with is United Capital Financial Advisers, LLC ("United Capital"). United Capital creates portfolios consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy allocation is tailored to their specific needs and may include portfolios invested in some or all of the previously mentioned securities. Each client investment allocation is initially designed to meet a particular investment goal, which we assist the client in determining. Once the appropriate strategies have been determined, we review the investments at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals, and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. The third party money managers may reject restrictions, at their discretion, which may limit the options available for us to select from.

Our firm's annual fees for investment management services shall be calculated at up to a maximum of one-and-three-quarters percent (1.75%) of all assets under management. These fees are billed on a pro-rata basis quarterly in advance based on the value of a client's managed account on the last day of the previous quarter. Fees include execution costs for brokerage transactions.

Fees will be deducted from a client's account at an independent qualified custodian upon their written authorization. In rare cases, we will agree to directly bill clients. As part of this process, clients understand and acknowledge the following:

- (a) The client's independent custodian sends statements at least quarterly showing all disbursements for the account, including the amount of the advisory fees paid to Lenox;
- (b) The client provides authorization permitting Lenox to be directly paid by these terms;
- (c) If Lenox sends a copy of an invoice to the client, Lenox will also send a copy of the invoice to the independent custodian;
- (d) If Lenox sends a copy of an invoice to clients, the invoice will include a legend that urges the client to compare information provided in their invoice with statements received from the qualified custodian.

## **Relative Cost of the Program**

In a wrap fee program, clients pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management, and the fee is not based directly upon transactions in a client's accounts. Management fees are bundled with the costs for executing transactions in client accounts. This may result in a higher advisory fee to clients. We do not charge clients higher management fees based on trading activity. The cost of investment advisory services provided through our wrap program may be more or less than the cost of purchasing similar services separately. Included among the factors impacting the relative cost of our wrap program are: volume of trading activity; brokerage commissions and custody fees charged in other programs; and the size and type of account.

## **Additional Fees**

Clients may pay charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within our wrap fees.

## **ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Type of Clients**

We provide advisory services to:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Corporations, Limited Liability Companies and/or Other Business Types.

### **Account Minimums**

We do not impose a minimum account requirement on clients.

## **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Item 6.A – Selection and Review of Portfolio Managers**

For our wrap program accounts, client's investment portfolios are managed by third party money managers, which may include United Capital, or other non-affiliated, outside portfolio managers. We select and review outside portfolio managers based on the following factors:

- past performance;
- cost;
- investment philosophy;
- market outlook;
- experience of portfolio managers and executive team;
- opinions of third party analysts;
- disciplinary, legal and regulatory histories of the firm and its associates;

- whether established compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, anti-money laundering.

We do not calculate portfolio manager performance. Instead, we rely upon the performance figures based on the client's account statements or reports provided to us by the outside portfolio managers.

We do, however, watch for several types of events in conjunction with manager performance. These events may trigger additional review of an outside portfolio manager and primarily include:

- Significant changes in asset allocation;
- Substantial drift in investment style; and/or
- Sustained under-performance.

We do not verify the accuracy of such performance information or its compliance with presentation standards. As a result, performance information may not be calculated on a uniform and consistent basis.

#### **Item 6.B – Advisory Business, Performance-Based Fees and Side- By-Side Management, Methods of Analysis, Investment Strategies And Risk Of Loss, And Voting Client Securities**

We hire third party portfolio managers to manage accounts under this wrap fee program. Each third party portfolio manager has specific expertise for how they formulate investment decisions. We will provide to you a copy of the third party portfolio manager's Form ADV Part 2 which contains, among other things, specific information about the third party portfolio manager's methodology and process. Portfolios invested through our wrap program may be available to be invested in through other investment advisory firms at the same or lower fees. The third party portfolio managers are not related persons. See item 6.B.4 below for information about voting proxies for client securities holdings. Lenox does not provide performance reporting for third party portfolio managers. Clients should rely on the custodian to provide performance data on any and all third party portfolio managers.

##### **Item 6.B1 – Advisory Business**

See Item 4 of this Wrap Fee Program Brochure for a full description of our wrap fee program. We offer individualized investment advice to clients. Clients have the opportunity to place reasonable restrictions on the types of investments to be held in their portfolio. However, restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account and may further be limited by a third party portfolio manager.

##### **Item 6.B2 – Performance-Based Fees and Side-By-Side Management**

We do not charge or receive, directly or indirectly, any performance-based fees and do not participate in side-by-side arrangements.

## **Item 6.B3 – Methods of Analysis, Investment Strategies and Risk of Loss**

Investments carry a risk of loss of principal, earnings or both. Past performance is not a guarantee of future performance.

### **Item 6.B3(a) – Methods of Analysis**

Our Investment Committee is responsible for overall supervision of client assets under the management of any third party money managers under our wrap program, including United Capital. Our Investment Committee includes John Lane, Steven Reder, Jay Lane, Emily Szucs, and Josh Proffitt.

### **Item 6.B3(b) – Investment Strategies**

Our Investment Committee is responsible for providing fiduciary oversight for the menu of investment strategies offered through our wrap program, including United Capital. When assets are assigned to a third party money manager, the manager is responsible for asset allocation and security selection within strategies under their management.

### **Leveraged and Inverse ETFs**

Third party managers may, at times, purchase in client accounts leveraged and inverse Exchange Traded Funds and Exchange Traded Notes (combined “ETFs”) where it believes it is warranted, based on the invested portfolio’s objective. These securities carry certain specific risks to investors. Leveraged ETF shares typically represent interest in a portfolio of securities that track an underlying benchmark or index and seek to deliver multiples of the performance of the index or benchmark. An inverse ETF seeks to deliver the opposite of the performance of the index or benchmark they track. Like traditional ETFs, some leveraged and inverse ETFs track broad indices, some are sector-specific, and others are linked to commodities, currencies, or some other benchmark. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments. Most leveraged and inverse ETFs “reset” daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time, over weeks or months or years, can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets and thus may pose substantial risk for an investor.

### **Item 6.B3(c) – Risk of Loss**

#### **Risk and Tax Disclosure**

Investing in securities involves risk of loss that clients should be prepared to bear. Investment performance can never be predicted or guaranteed and the value of a client’s account or portfolio holding will fluctuate due to market conditions and other factors. For all accounts managed by a third party manager, there is a risk that the investments selected will underperform comparable indices.

Certain strategies that third party managers implement may exhibit higher turnover, which might have certain negative implications, including but not limited to reduced investment performance versus comparable indices and may create additional tax liability for clients.

To implement investment management, if a client's account initially contains securities invested rather than a cash deposit, all or a portion of the client's securities may be sold either at the initiation of, or during, the course of management of their account. Neither Lenox nor the third party manager(s) are responsible for market risk that may result in losses in a client's account during the in-kind transfer of securities from one institution to another. The client is responsible for any tax liabilities arising from such transactions and is encouraged to seek the financial guidance of a qualified tax professional. Lenox, its affiliates and associated persons do not provide tax preparation, tax filing or legal financial guidance for services it provides to clients.

This is not intended to be an all-inclusive list.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Lenox is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate a client from losses due to market corrections or declines.

There are certain additional risks associated when investing in securities:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk – When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystemic risk and is sought to be reduced through diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.



- Fixed Income Risk – When investing in fixed income instruments such as bonds or notes, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, a client will bear additional expenses based on the client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investments will vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If you implement our financial planning recommendations and our investment strategies do not produce the expected results, the value of your investment may decrease.
- Credit Risk – Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.
- Liquidity Risk – Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

This is not intended to be an all-inclusive list. Each client should review the mutual fund prospectus for the specific risks related to each mutual fund that is held in a client account.

#### **Item 6.B4 – Voting Client Securities**

Our policy is to not vote proxies on behalf of clients. Therefore, although we may provide investment advisory services relative to client investment assets, 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, class actions, any other type of legal proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGER(S)**

Under our wrap program, client portfolios will be managed by third party money managers. Outside portfolio managers have access to the information provided by clients at account opening and Lenox generally doesn't provide information to portfolio managers after the completion of account opening. Please refer to our privacy policy if clients are concerned about the privacy of any non-public information we retain.

## **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGER(S)**

Clients are always free to directly contact the third party portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

## **ITEM 9 - ADDITIONAL INFORMATION**

### **Item 9.A –Disciplinary Information; Other Financial Industry Activities**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The following are disciplinary events relating to us and/or our management personnel:

Lenox Wealth Management and John C. Lane, have been the subject of an inquiry by the Office of Thrift Supervision concerning whether they violated an OTS regulation in Lenox Wealth Management Inc.'s unsuccessful proxy solicitation of shareholders of First Franklin Corporation in the spring of 2010. OTS staff believes that a violation occurred because Lenox Wealth Management Inc. and Lane triggered a rebuttable presumption of control under 12 C.F.R. Sec. 574.4(b)(2)(i) without obtaining the prior approval of the OTS. We and Legal Counsel disagree with that conclusion on the basis that they were never enabled to elect one-third or more of the total number of First Franklin directors (which is the standard for establishing the presumption) and believes that Lenox Wealth Management Inc. and Lane acted consistent with law and regulation and followed the instructions of prior regulatory counsel in initiating and carrying out the proxy solicitation.

Except in regards to the Funds, we and our related persons are not engaged in other financial industry activities and have no other industry affiliations. See Item 11 below for information regarding the Funds.

### **Futures Commission Merchant/Commodities**

Neither Lenox nor any management person is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities; nor do they have any registration applications pending.

## **Relationships with Related Persons or Other Advisers**

Associated persons do not have any affiliations with other investment advisers.

## **Item 9.B – Code of Ethics; Review of Accounts; Client Referrals And Other Compensation; And Financial Information**

### **Item 9.B1 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **Code of Ethics**

We have adopted a Code of Ethics which sets forth ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by our access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [ebuhr@lenoxwealth.com](mailto:ebuhr@lenoxwealth.com), or by calling us at 513-618-7080.

The principals of Lenox are also the principals of the Lenox PE Fund I, LLC, Lenox Blue Chip, LLC, Lenox Alliance, LLC, and Lenox HPE, LLC (each a "Fund" and collectively the "Funds"). The General Partner of each Fund has designated Lenox as having primary responsibility for investment management and administrative matters, such as accounting tax and periodic reporting, pertaining to the Funds. Lenox and our members, officers and employees will devote to the Funds as much time as we deem necessary and appropriate to manage the Funds' business. Lenox and our affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of us and our affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees will not be devoted exclusively to the business of the Funds, but could be allocated between the business of the Funds and other of our business activities and those of our affiliates.

Investments in the Funds may be recommended to advisory clients for whom a partnership investment may be more suitable than would a separate advisory account managed by us. Clients who invest in the Funds are not charged any additional advisory fees other than the advisory fee allocated to the limited partners of the Funds.

The Funds are not required to register as an investment company under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered. We manage the Funds on a discretionary basis in accordance with the terms and conditions of the Funds' offering and organizational documents.

Compensation may be paid to our principals for serving on a Fund's Board of Directors. Typically, the Director fee compensation will be applied against fee accruals for each respective Fund. The limited partners of each respective Fund will benefit from the application of the director fee compensation against the fee accruals of each respective fund.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

We and/or individuals associated with us may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is our policy that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our Code of Ethics, to ensure we comply with its regulatory obligations and provide our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of ours may put his or her own interest above the interest of a client.
2. No principal or employee of ours may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of ours that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for a client. This prevents such

employees from benefiting from transactions placed on behalf of client accounts.

4. We require prior approval for any IPO or private placement investments by our related persons.
5. We maintain a list of anyone associated with Lenox that has access to advisory recommendations ("access person"). The holdings and transactions or access persons are reviewed on a regular basis by our Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, except in situations where we are granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each of our supervised persons.
10. We have established policies requiring the reporting of Code of Ethics violations to our Chief Compliance Officer, President, CEO, or Chairman of the Audit Committee.
11. Any individual who violates any of the above restrictions may be subject to disciplinary action, including termination.

#### **Item 9.B2 – Review of accounts**

Lenox's investment adviser representatives and its Investment Committee members perform reviews of investment advisory accounts no less than quarterly. Accounts are reviewed for consistency with the investment strategy and performance among other things. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

We may provide periodic reports to clients. Any reports provided from us will be specific to the services client has requested pursuant to an executed agreement with us.

#### **Item 9.B3 – Client referrals and other compensation**

##### **Suggestion of Brokers to Clients**

We may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. We are independently owned and operated and not affiliated with Schwab. In certain circumstances, we may recommend that clients establish accounts at other broker-dealers or qualified custodians. This will typically depend on the type of asset the client wishes to hold in their account.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab

Institutional. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab Institutional and Envestnet also make available to us other products and services that benefit us but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab or Envestnet.

Schwab and Envestnet may provide products and services that assist us in managing and administering our clients' accounts including software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab and Envestnet may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Institutional and Envestnet may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. Schwab Institutional and Envestnet may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab or Envestnet, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab and Envestnet, which may create a potential conflict of interest.

Occasionally, we may make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain or we confer with you and you decide to forego the gain (e.g., for tax reasons). If the gain does not remain in your account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss

occurs greater than \$100, we will pay for the loss. Schwab will retain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## **Solicitors**

We do not have an arrangement under which Lenox or its associated persons compensate others for client referrals. A client referral arrangement may include a nominal donation in the client's name to the charity of their choice for each prospective referral that becomes a client. This is a one-time event to the referring a client and does not impact the fees charged to any client.

## **Item 9.B4 – Financial information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts and is deemed to have custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no additional financial circumstances to report.

Lenox has not been the subject of a bankruptcy petition at any time during the past ten years.

## **CONFIDENTIALITY**

Protecting client privacy is very important to us. We view protecting our clients' private information as a top priority. Pursuant to the requirements of the Gramm-Leach-Bliley Act, we have instituted policies and procedures to ensure that customer information is kept private and secure. We do not disclose any non-public personal information about its clients or former clients to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, we may share some information with its service providers, such as, but not limited to, transfer agents, custodians, broker/dealers, accountants, and lawyers.

We restrict internal access to non-public personal information about its clients to those employees who need to know that information in order to provide products or services to the client. We maintain physical and procedural safeguards that comply with federal standards to guard a client's non-public personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be our policy never to sell information about current or former customers or their accounts to anyone. It is also our policy not to share information unless required to process a transaction, at the request of our customer, or as required by law.

A copy of our privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, we will deliver a copy of the current privacy policy notice to its clients prior to changing its sharing practices.

