



# Financial Security Services, LLC

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March 31, 2011

This Brochure provides information about the qualifications and business practices of Financial Security Services LLC (FSS). If you have any questions about the contents of this Brochure, please contact us at (561) 630-8422. 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.

Financial Security Services LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Financial Security Services LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Jay L. Marmer at (561)630-8422 or [info@wealthmanagers.net](mailto:info@wealthmanagers.net)

Additional information about Financial Security Services, LLC (FSS) and our Brochure is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with FSS who are registered, or are required to be registered, as investment adviser representatives of FSS.

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#### **Item 4 – Advisory Business**

Financial Security Services (FSS) provides advisory services that includes asset fee based active Money Management; advice on a number of financial and non-financial topics for a flat fee concluding with a written plan; and general advice or client service at a \$180 hourly rate.

FSS manages investment portfolios for clients in accordance with their financial and risk objectives. Beyond an initial consultation provided in part or in whole by the information disclosed on the Account Application and periodic reviews at the client's request, trading is typically done in the accounts without further consultation. We do, however, reiterate portfolio strategies employed, risks taken and status to targets as part of our client communication.

Clients may open accounts with cash or acceptable securities and each client will always have direct ownership in the securities in their individual account.

To the extent requested by the client, FSS may determine to provide financial planning and consulting services, including investment and non investment related matters to include but not be limited to estate planning, retirement planning, and insurance planning, on a standalone separate fee basis. Planning and consulting services are negotiable but generally range from \$300 to \$7500 on a fixed fee basis. Prior to engaging FSS to provide planning and consulting services, clients enter into a Financial Planning and Consulting Agreement which sets forth the terms and conditions of the engagement and describes the services to be provided.

FSS may recommend the services of other professionals, such as attorneys and accountants, for investment implementation purposes. The client is under no obligation to engage the services of any such recommended professionals. If the client engages any such professional and a dispute arises thereafter relative to services engaged, the client agrees to seek recovery exclusively from and against the engaged professional.

FSS provides investment advisory services that are specific to the stated needs of each client. Prior to providing investment advisory services, we will discuss with each client their particular investment objectives. These objectives shall include but not be limited to risk tolerance, investment goals and time horizon. Client at anytime may impose restrictions in writing.

FSS was formed in 2000 by Steven E. Marcus and Jay L. Marmer. Assets under management on a discretionary basis as of December 31, 2010 was \$35,928,000

Steven E. Marcus, President and Chief Investment Officer of the firm, makes the final decisions regarding securities to be bought and sold.

Dr. Steven Marcus has a B.S. from the City University of New York, an O.D. from Penn State University, completed his Residency in Pediatric Vision at the State University of New York Yale Medical Gesell Institute in 1975. An investor for over 30 years, Steve in 2000 co-founded FSS an investment advisory firm.

Jay L Marmer, Managing Partner and co-founder of the firm, is the Chief Compliance Officer and the liaison to the regulatory bodies and runs the day to day functions of the company including customer service, marketing and sales promotion and investment and financial reporting.

Jay Marmer holds a B.S. from the City University of New York, a M.S. in Financial Services from the American College and holds the designations of CLU and ChFC. He has been in the financial services business for over 30 years and formally held senior management positions in Fortune 100 companies providing investment solutions to fund pension and deferred compensation arrangements for governmental, healthcare and educational entities throughout the United States.

## **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by FSS is established in a client's written agreement with FSS. FSS generally bills its fees on a monthly basis. Clients authorize their custodian to accept FSS bills on their behalf and to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar month with the exception of de minimis contributions and withdrawals. Accounts initiated or terminated during a calendar month will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

FSS requires a minimum balance of \$250,000 for opening or maintaining an account. For purposes of this minimum, accounts that are related are treated as a single account. However, there is a minimum management fee of \$5,000 annually regardless of account size. FSS may, at its discretion, reduce or waive this requirement. Fees for large accounts are subject to negotiation.

The monthly fee for a portfolio containing \$1 million is \$1,354 using the following schedule:

- 2.0% on the first \$500,000 of assets;
- 1.5% on the next \$250,000 of assets;
- 1.0% on all assets over \$750,000.

FSS's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

FSS shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that FSS considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

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

#### **Item 7 – Types of Clients**

FSS provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, estates and charitable institutions, foundations, small businesses and corporations.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

We build portfolios focused on our philosophy of controlling risk and maximizing total return. Our investing strategies can include individual stocks, mutual funds and income-generating investments to balance and diversify the portfolio, or to respond to specific client objectives. We may apply charting, cyclical, technical and fundamental economic stock analysis to determine appropriate investments and timing of buys and sells to profit from the market's trend. We determine the trend based on one or more market signals, reasonableness of cost, and respect for the needs of individual investors, including their risk tolerance profile.

Our investing information may come from one or more market signal services. Additionally, we may use information from any number of national economic and financial publications and websites, including The Wall Street Journal, Barron's, and Yahoo Finance, Morningstar, Thompson, Briefing.com, Worden Brothers publications and Investor's Business Daily.

Every method of analysis has its own inherent risk. To perform an accurate market analysis FSS must have access to current and new market information. FSS has no control over the dissemination rate of market information: therefore, unbeknownst to FSS certain analysis may be compiled with outdated market information, severely limiting the value of the FSS analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurance that a forecasted change in market value will materialize into actionable and or profitable investment opportunities.

Long term, short term and trading are fundamental investment strategies. For example, long term investment strategies require a longer investment time period to allow for the strategy to develop. Short term investment strategies require a short investment time period to potentially develop but as a result of frequent trading may incur higher transactional cost when compared to long term investment strategy. Trading investment strategies, involve a very short investment strategy, resulting in the purchase and sale of securities within 30 to 60 days when compared to long term and short term strategies. Higher transactional cost will occur with this strategy than both the long term and short term strategies. Whenever possible, transactional cost will be mitigated by utilizing non transaction fee ETFs .

The use of options is an investment strategy involving a higher level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by



the seller. Generally the purchase or sale of an option contract by FSS shall be with the intent to enhance return or to offset or hedge a potential market risk in a client portfolio.

Some mutual funds that FSS may invest client funds are likely to have differing degrees of risk. None of the investments in mutual funds are “risk free”, and certain mutual funds that invest in futures contracts, stock index futures contracts, options on stock index future contracts, and options on securities and stock indices, have a substantial amount of risk associated with their investment strategies.

Our investing strategies attempt to profit from the stock market’s overall trend. The current climate leads us to seek an intermediate trend, a trend that lasts 3 months on average. However, we may also seek to profit from shorter or longer-term market trends. On occasion, we will hold securities such that we generate long-term gains or losses. But we are not driven by a ‘tax-advantaged’ strategy typically, meaning that our focus is profit for our clients and not necessarily on achieving tax-favored long-term gains.

FSS allocates client investment assets among no load mutual funds, exchange traded funds (ETFs), equity securities and fixed income securities on a discretionary basis in accordance with the client’s designated investment objective. There are no usual risks in the allocation of these securities.

We do not typically use commercial paper, U.S. Treasury securities, bank CDs, municipal securities, commodities-based contracts, or currency-based contracts in our investment strategies unless already a part of the client’s managed assets or part of a client’s specific program unless the economic climate warrants it.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FSS or the integrity of FSS's management. FSS has no information applicable to this Item.

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

We are independent and seek to provide a low-cost investment advisory service utilizing investing strategies to produce outstanding results for our clients.

If there is need for fixed life insurance, fixed annuities, disability insurance or long term care programs a client may choose any professional it desires. If a client wishes to have FSS be its representative, only then will FSS earn additional revenue directly from insurance companies.

In addition, the firm may also earn revenue from management consulting, business plan development and business strategy consultations.

FSS does not promote any product or service on behalf of anyone else. FSS is not a broker and by definition not registered with FINRA nor has any affiliation with a broker or dealer, commodity or futures trader.

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

FSS has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at FSS must acknowledge the terms of the Code of Ethics annually, or as amended.

FSS anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which FSS has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which FSS its affiliates and/or clients, directly or indirectly, have a position of interest. FSS's employees and persons associated with FSS are required to follow FSS's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FSS and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for FSS's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of FSS 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. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of FSS's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between FSS and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with FSS's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. FSS will retain records of the trade order specifying each participating account and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

FSS's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting FSS at [info@wealthmanagers.net](mailto:info@wealthmanagers.net)

It is FSS's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. FSS will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

There are certain research services that the executing broker dealer provides both FSS and the client through its website. Any research services provided would be supplemental to FSS' research efforts and would be used to service all clients. As such soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits. The fact that FSS manages assets at a particular brokerage firm results in certain administrative benefits such as information management systems, which may integrate trading, execution, accounting, record keeping, performance measurement services and other administrative matters. Receipt of these benefits by FSS will not result in the client paying more than would otherwise be paid to the broker dealer providing the service.

As a client of FSS' portfolio management service, the client gives the firm the discretion to buy and sell securities for their account. That includes the discretion over which securities to buy or sell and the amount of the sale or purchase.

The client will not be giving FSS the authority to withdraw either client's funds or securities except for management fees. It is the client's responsibility, not the Custodian's, to insure that management fees are correct by reviewing their monthly or quarterly statements.

Clients are expected to use a broker dealer recommended by the company. This improves the efficiency and effectiveness in managing the client's account, improves our service and results, and potentially reduces the client's transaction cost as we will typically have a better negotiated commission structure for the client with the broker dealer than clients can receive on their own.

Though every client's portfolio is unique, many of our clients utilize one or more of FSS' investing strategies. As these transactions are triggered by changes in the economy and the securities market, we recognize the necessity to act quickly and accurately to make appropriate portfolio changes consistent with these changes. We make every effort to insure that all clients get the best possible price by bunching together similar orders, called block trading, in an effort to achieve price consistency across accounts.

Trade Error Policy – On occasion, a trade error may occur. FSS will attempt to correct the error as soon as possible and in such a manner that the affected client(s) are not disadvantaged and bear no losses.

### **Item 13 – Review of Accounts**

Accounts are reviewed by the Chief Investment Officer or his designee at least monthly to insure consistency with client's financial objectives and target asset allocation. Account reviews can also be triggered by client questions or a significant change in account balance, such as new deposits or withdrawals.

Clients receive monthly and year-end account statements from their Custodian. In addition, clients have ongoing access to web-based reports through the Custodian website. As such, FSS will provide additional account performance information and asset management allocations and other pertinent data upon request. Year-end tax reports are also generated upon client request.

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

FSS may pay for referrals or share fees with other companies and or persons that direct clients to the firm. This compensation does not affect the cost to the client. Such arrangements, if any, would be entered into in accordance with the terms and conditions of Rule 206(4)-3 under the Investment Advisors Act of 1940 and any other applicable federal and state law or regulations.

### **Item 15 – Custody**

FSS does not have custody of Client accounts. Clients receive statements monthly from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. FSS urges Client to carefully review such statements and compare such official custodial records to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

FSS receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, FSS observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, FSS's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to FSS in writing.

**Item 17 – Voting Client Securities**

As a matter of firm policy and practice, FSS does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. FSS may provide advice to clients regarding the clients' voting of proxies.

**Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about FSS's financial condition. We do not custody client assets nor do we require prepayment of more than \$1,200 per client in fees six or more months in advance and therefore are not required to file a balance sheet for purposes of this document. FSS has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients, if any.