

## Cover Page

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This brochure provides information about the qualifications and business practices of Daniel Reich, principal of Reich Investment Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 561-847-3596 or by email at [dreich@reichcap.com](mailto:dreich@reichcap.com). The information in this brochure has not been approved or verified by the Securities Exchange Commission (SEC) or by any state securities authority.

Additional information about Reich Investment Advisors LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Reich Investment Advisors LLC is registered with the SEC. This does not imply a level of certification, competency, or training has been conferred on the organization.

This is the first Brochure submitted by Reich Investment Advisors LLC

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## **1. Advisory Business**

Reich Investment Advisors provides financial advice to High Net Worth Individuals and Corporations.

### **A) Organization:**

Reich Investment Advisors was formed in February of 2008. Its principal, Daniel Reich started as a floor trader on the Philadelphia Stock Exchange (PHLX) May 1975. He has had multiple positions including ownership in multiple market making firms on both the PHLX, New York Futures Exchange, and American Stock Exchange.

Mr. Reich moved from the floor as a trader for Donaldson Lufkin Jenrette in 1993, and subsequently to Lehman Brothers as a Private Client Broker in 1997. He transferred to Bear Stearns & Co. in 2001, and left upon the merger with JP Morgan to Reich Investment Advisors LLC.

Reich Investment Advisors has direct management of \$200 million in assets, with additional client assets held at other institutions and/or through third party investments.

The firm is a stand-alone operation with no subsidiaries and employs 3 people

### **B) Services**

Reich Investment Advisors LLC provides financial advice and solutions to High Net Worth Individuals and Corporations. Our primary focus is safety of principal with an eye toward after tax return. The firm manages money in municipals, corporates, funds, equities, options, and uses various third party managers. The core expertise of the firm is Fixed Income and Equity Options (hedging). We have accounts with over 20 firms and access their products. All assets are prime-brokered at Charles Schwab & Company for safekeeping. Reich Investment Advisors LLC does not custody any client assets.

Additionally we provide cash management services to corporations. Through our dealer network we purchase Commercial Paper, Certificates of Deposit, Money-Market Funds, and Variable Rate Demand Notes (VRDNs)

### **C) Directives and Restrictions**

Our firm is client centric. Transactions and Credits are discussed with the client and a plan is formulated to stay within the client's directive. We are also limited in our investments by any Corporate Cash Management Policy.

### **D) Fees**

Reich Investment Advisors charges a fee based on Assets Under Management (AUM). AUM are computed by Schwab and charged on the last day of the month. The firm does not participate in wrap fee programs nor derives any income from commissions. All fees charged by Schwab are passed through to the client. Current fees range from 5 basis points per year on cash management to 100 basis points per year on fully managed portfolios.

**E)** Reich Investment Advisors manages as of \$50 million dollars in assets as of 12/31/2010. No assets are managed on a discretionary basis.

## **5. Fees and Compensation.**

- A) Compensation for advisory services is computed on the last day of each calendar month. The annual rate agreed to in the Client Service Agreement is multiplied by the Account Balance listed on the client's Schwab statement and multiplied by 30/360
- B) A client may choose to have their fees deducted from their Schwab Account or billed directly.
- C) Client's pay all fees associated with their Schwab account.
- D) Fees are billed in arrears; there is no pre payment option.
- E) There are no other fee or compensation agreements. We do not accept third party referral payments from any funds we outsource.

## **6. Performance Based Fees and Side By Side Management.**

Reich Investment Advisors may enter into Performance Based Fee Arrangements. A client may commit capital and the Advisory may agree to be compensated as a percentage of profits. The management of these accounts is done separately and in securities that are not generally used in fee based accounts (typically corporate bonds and individual securities). The accounts are actively traded and present no conflict with the long term after tax goal of our fee based accounts. We believe that our fee based accounts **benefit** from our actively managed accounts, because we analyze more securities and can establish better price points due to the activity.

## **7. Types of Clients**

The Advisory provides investment advice to Individuals, High Net-Worth Individuals, Trusts and Corporate Cash Managers.

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

- A) The advisory has multiple sources of investment analysis including reports from Investment Banks, Independent Research from Morningstar, Bloomberg, and Fixed Income Consultants. Our investment strategy focuses on safety of principal and after tax return. For safety of principal and after tax return we predominately invest in Municipals typically rated A or better but no less than Investment Grade. We read the prospectus of all municipals and tend to hold to maturity. We will sell a bond if we can replace it with a better credit at a higher yield. For monies managed on the equity side we use mostly funds available through the Schwab platform. We do not recommend specific equities or hold them unless directed to by the client. The firm will sell options against equity positions as a hedge/income strategy.
- B) Municipal bonds have risks associated with them of default, downgrade, or insurance failure. The firm monitors the bonds daily and is alerted to any material event either through alerts on Bloomberg, through the Schwab Institutional System, or by our network of brokers familiar with the securities we own. As of 12/31/2010 we will not purchase any bonds in Illinois, Ohio, or Hospital Bonds unless specifically directed by clients. Fees have little impact on performance as our charges are based on

tickets not commissions. (\$8.95 per stock trade no volume restriction, \$15.00 per option trade, no volume restriction, \$25.00 per trade away no volume restriction). These fees are offered to all clients, not just the actively managed accounts.

C) Other than municipal bonds and income producing securities the advisory refrains from making specific stock recommendations.

**9. Disciplinary Information. There are no disciplinary events.**

**10. Other Financial Industry Activities and Affiliations**

A) Reich Investment Advisors LLC has no affiliation with a broker dealer

B) Reich Investment Advisors LLC has not applied for licensing with the Commodities Futures Trading Commission (CFTC), or any of the SROs involved.

C) Reich Investment Advisors has bought from or sold securities to the following Broker Dealers in the past year. The advisory maintains a delivery versus payment (DVP) account with them as well.

- |                           |                            |                      |
|---------------------------|----------------------------|----------------------|
| 1. Bank of NY.            | 11. Jones Trading          | 21. Southwest        |
| 2. FMS Bonds              | 12. JVB Securities         | 22. Suntrust         |
| 3. Barclays               | 13. Keefe Bruyette         | 23. UBS Financial    |
| 4. Citibank               | 14. Knight Securities      | 24. Bank of Montreal |
| 5. Cantor Fitzgerald      | 15. Merrill Lynch          | 25. RBC Capital      |
| 6. Credit Suisse          | 16. Morgan Stanley         |                      |
| 7. Financial Northeastern | 17. Noble Financial        |                      |
| 8. Deutsche Bank          | 18. Oppenheimer            |                      |
| 9. Dinosaur               | 19. Rodman and Renshaw     |                      |
| 10. JP Morgan             | 20. Samuel Ramirez and Co. |                      |

2. Reich Investment Advisors on behalf of clients has made investments or committed funds the following managers outside of Schwab

Golub Capital Management,  
Rachlin MLP Fund (a division of Barclays),  
Pimco Brava, a Citicorp/Smith Barney Investment Vehicle.

3. Reich Investment Advisors has no outside funds with another adviser or financial planner

4. Reich Investment Advisors on behalf of clients has set up two accounts at Lind Waldock to invest in commodity futures.

5. Reich Investment Advisors may have Corporate Money Market Accounts at outside Banks.

6. Reich Investment Advisors has no consulting or referral arrangement with any accountant, accounting firm, lawyer, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships.

D) Reich Investment Advisors may with the client's consent invest funds in sub-advisors; it receives no compensation from the sub-advisors avoiding any financial conflict of interest.

## **11. Code of Ethics**

A. Reich Investment Advisors maintains a code of ethics pursuant to SEC rule 204A-1. A copy is available to any client or prospective client upon request.

B. Reich Investment Advisors does not conduct business with any related person.

C. Reich Investment Advisors does not invest with a related person

D. Reich Investment Advisors does not recommend or invested in securities of a related person.

## **12. Brokerage Practices**

A. Factors considered in transacting business with outside Broker Dealers

### **1. Research and other soft dollar benefits**

a. Reich Investment Advisors has no soft dollar arrangements with any firm. We are strictly a commission payer to the firms mentioned in Part 10. As a client of those firms we have access to their research. The majority of commissions are paid by our actively managed accounts while the majority of research benefits accrue to our more static accounts.

b. Reich investment Advisors uses its broker network for best execution purposes and in no way receives any incentive otherwise.

c. Reich Investment Advisors pays negotiated rates with its broker network in line with industry standards.

d. Reich Investment Advisors is prohibited from any soft dollar arrangement specifically to avoid any conflict of interest

e. Reich Investment Advisors purchases securities competitively through its network of brokers and has entered into these relationships to provide institutional pricing to our retail clients.

f. No broker is directed business in exchange for soft dollar payment

2. Brokerage for Client Referrals – Reich Investment Advisors pays no third party for any client referral.

3. Directed Brokerage – Reich Investment Advisors does not accepted any directed brokerage arrangement

B. Reich Investment Advisors will aggregate a purchase or sale of a specific security to insure all clients are executed at the same price.

### **13. Review of Accounts**

A. Client accounts are reviewed at minimum monthly through an analysis of their Schwab Statement; most accounts are reviewed daily by Mr. Reich, Principal Reich Investment Advisors LLC.

B. Reviews are done periodically. Specific reviews of credits are done both periodically, and if a notification of upgrade or downgrade is observed.

C. Clients are apprised a minimum of quarterly, most monthly as to status of account. Client contact is either via telephone or email.

### **14. Client Referrals and Other Compensation**

A. No compensation is accepted from outside sources

B. No payments are made for client referral.

### **15. Custody**

Account statements are provided by Charles Schwab & Company. Reich Investment Advisors LLC does not produce any statements or custody any funds. Clients are encouraged to review their statements and ask any questions they might have.

### **16. Investment Discretion**

Reich Investment Advisors has limited discretion in that it can execute orders on a timely basis. The firm may also purchase bonds, in agreed to credit classes as the opportunity presents itself. For example if a client agrees that their portfolio may only purchase credits of A or higher, Reich Investment Advisors may select a specific security that meets those parameters.

### **17. Voting Client Securities**

Reich Investment Advisors will accept the authority to vote client securities. All votes are researched and voted identically unless a client directs otherwise. Reich Investment Advisors holds no positions therefore no conflicts exist. Most votes pertain to Mutual Funds not individual securities. If there exists a large position (over 25,000) shares the vote is done in conjunction with the client. All votes are recorded through [www.proxyvote.com](http://www.proxyvote.com), and are available to any client that asks.

### **18. Financial Information**

A. No prepayment for service is accepted.

B. There is no discretionary authority provided over customer funds

C. Reich Investment Advisors has never been subject to a bankruptcy petition.

**19. Reich Investment Advisors is an SEC registered advisor and maintains no specific state registrations**