

**Item 1: Cover Page for Part 2A of
Form ADV: Firm Brochure
March 2014**



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This brochure provides information about the qualifications and business practices of Tri-Star Financial. If you have any questions about the contents of this brochure, please contact us by telephone at 800-734-7408 or email at mrothstein@tristaretg.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 Tri-Star Financial also is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that the use of the term "registered investment adviser" and description of Tri-Star Financial and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure

Tri-Star Financial is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update.

Since our last annual amendment filing on March 11, 2013, the following changes have been made:

- As of July 2013, Mr. Mark Rothstein will be the firm's Chief Compliance Officer;
- As of January 2014, our firm will no longer utilize the broker-dealer services of Purshe Kaplan Sterling Investments. Going forward, our firm will use the services provided by Independent Financial Group, LLC;
- Our Mr. Money Team Membership service is now \$299; and
- The Mr. Money Filing System is now available for \$149.99.

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Item 4: Advisory Business

We specialize in the following types of services: Comprehensive Portfolio Management, Financial Planning & Consulting, Pension Consulting and Referrals to Third Party Money Managers. Our assets under management are \$36,802,000 as of December 31, 2013.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of California. Our firm has been in business as an investment adviser since 2008 and is owned wholly by Mark Rothstein.

Advisory Services We Offer

Comprehensive Portfolio Management

Our Comprehensive Portfolio Management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

Financial Planning & Consulting

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Nuclear Family Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Account Aggregation, Corporate Structure, Real Estate Analysis, Lending Consulting Service, Social Security Analysis, Mortgage/Debt Analysis, Assessment of Insurance Needs, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written

financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

Pension Consulting

We provide pension consulting services to employer plan sponsors on an ongoing basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

Mr. Money College Organizer

The College Organizer is an all in one organizer for managing life at college. It features instructions, financial information, forms to track personal information and a built in filing system for important documents and paperwork.

Mr. Money Filing System

The Filing System is an all in one organizational tool for personal financial and tax documents.

Mr. Money Financial Organizer

The Financial Organizer case is an all in one financial case to easily organize and manage your personal and/or business finances. The organizer features worksheets to complete, checklists to monitor progress, and a place to store all important financial documents.

Mr. Money Tax Organizer

The Tax Organizer is an all in one tax case to easily organize and manage your tax paperwork. The organizer features a comprehensive roadmap of the filing process, worksheets, check lists, tips, web resources, tabbed folders, pre-printed labels and a built in file box.

Mr. Money Team Membership

Mr. Money Team Membership is a six (6) month coaching program that covers money management, building credit/managing debt, asset protection, taxation, insurance, the economy, investments, retirement, real estate, college planning. Personalized assignments for each client are included. As part of their membership, Clients will receive six 1 hour teleconferences with Mr. Money and a separate one-on-one 1 hour coaching consultation with a Mr. Money Financial Advisor.

Newsletters

Our firm offers make available to our clients a variety of monthly newsletters; “Mr. Money Talks Newsletter”, a web-based financial newsletter, and our web-based tax newsletter.

Three-Day Retreat

The Adviser offers clients the opportunity to attend three day retreats that feature a series of seminars hosted by Mr. Mark Rothstein with various guest speakers. The seminars will cover a range of topics which will include but are not limited to the following.

- **General:** Mr. Rothstein will discuss how individuals may live within their means, save more and spend less. This discussion will also touch on budgeting, creating an emergency fund, and basic financial planning. The Adviser will offer a financial folio for sale. The folio organizes and stores wills, trust, birth certificates, and other important documents. The Adviser offers organize your life motivational cards for sale during the presentation.
- **Income Taxes:** This session will cover the tax advantages of various business structures, reviews responses that could potentially trigger an audit, explore deductions and legal methods that could help reduce taxes. The Adviser offers an Income Tax Organizer for sale during this presentation.
- **Investments:** An emphasis will be place on familiarizing attendees with investment terminology and types of investment products to include but not limited to bonds, stocks, mutual funds, and commodities. This is in addition to, the distinctions among various asset classes such as value and growth; large, medium, and small cap; and municipal, corporate and other types of bond classification.
- **Housing:** Topics will include housing affordability, the decision making process regarding using a fixed versus variable mortgage, and the questions that people should answer before purchasing rental property.
- **Economy:** Mr. Rothstein will discuss differences between the federal government’s monetary and fiscal policies, the meaning behind and how the consumer confidence, producer price, and other indexes shape various government policies and impact markets.
- **Retirement:** Types and characteristics of various retirement vehicles, projecting income, expenses and needs, deciding when to retire, retirement lifestyle, budgeting and money management during retirement.
- **Estate Planning:** Mr. Rothstein will explore various estate-planning issues such as wills, the need for a durable power of attorney for health care, using a financial power of attorney, and when a trust makes sense. Additionally he will discuss using life insurance, the potential impact of estate taxes, business succession, and funeral expense planning.
- **Money & Relationships:** Poor communication about money is often the root of financial problems between couples. When couples have different values and attitudes toward spending and saving money or set unrealistic goals, conflicts may occur. This section

identifies each individual's values and attitudes toward spending and saving money & begins setting joint realistic goals in a full disclosure, non-judgmental, open-to-compromise dialog.

- **Credit & Debt:** Mr. Rothstein will discuss establishing credit, debt management, and improving, and repairing credit scores. He will also touch on identity theft issues.

One-Day Seminar

The one-day seminar is primarily designed as a refresher for clients who previously attended a three day retreat, however, it also offered as a standalone service.

Referrals to Third Party Money Managers

We provide clients with a list of investment advisory services of third party professional Portfolio Management firms for the individual management of client accounts. As part of this process, we assist clients in identifying an appropriate third party money manager. We provide initial due diligence on third party money managers and ongoing reviews of their management of your account.

In order to assist clients in the selection of a third party money manager, we typically gather information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that we do not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the third party money managers to clients.

We periodically review third party money managers' reports provided to the client, but no less often than on an annual basis. Our associates contact the clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the third party money manager managing the account or sponsoring the program.

Individual Tailoring of Advice to Clients

We offer individualized investment advice to clients utilizing our Comprehensive Portfolio Management service. Additionally, we offer general investment advice to clients utilizing our Financial Planning & Consulting, Pension Consulting, Three-Day Retreat, One-Day Seminar, Mr. Money Team and Referrals to Third Party Money Management services.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. 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. Restrictions would be limited to our Comprehensive Portfolio Management. We do not manage assets through our other services.

Participation In Wrap Fee Programs

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Brochure. Our wrap fee and non-wrap fee accounts are managed on an

individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

Assets Under Management

As of December 31, 2013, we manage \$36,161,000 on a discretionary basis and \$641,000 on a non-discretionary basis.

Item 5: Fees & Compensation

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally non-negotiable.

Compensation for Our Advisory Services

Comprehensive Portfolio Management

Assets Under Management
Any Assets

Annual Percentage of Assets Charge
Up to 2.5%

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees are generally not negotiable. Fees will generally be automatically deducted from your managed account. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you; and
- d) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940.**

In rare cases, we will agree to directly bill clients.

Financial Planning & Consulting

We charge on an hourly or flat fee basis for financial planning and consulting services. Clients are billed at the rate of \$300 an hour. During retreats and seminars the Adviser offers attendees consulting services at the rate of \$300 an hour. Our flat fees range from \$400 to \$10,000. Hourly and fixed fees are due and payable upon completion of the services.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

If clients elect to implement recommendations made in a financial plan, their accounts may incur transaction costs, retirement plan administration fees, and other mutual fund annual expenses that are charged by broker-dealers, plan administrators or mutual fund companies that sell securities or provide additional services to Adviser clients. These fees are in addition to and separate from planning and consulting fees.

Pension Consulting

We charge on an hourly, flat or a percentage of assets managed basis for pension consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fee is \$300. Our flat fees generally range from \$500 to \$25,000. Flat fees will be charged annually for ongoing pension consulting services. Should clients choose to be billed based on the percentage of assets managed, a fee of up to 1% will be billed annually.

The fee-paying arrangements for pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for the fees.

Mr. Money College Organizer

The Mr. Money College Organizer costs up to \$29.99, and is payable at the time of sale. All sales are generally final with limited allowances made for refunds.

Mr. Money Filing System

The Mr. Money Filing System costs up to \$149.99, and is payable at the time of sale. All sales are generally final with limited allowances made for refunds.

Mr. Money Financial Organizer

The Mr. Money Financial Organizer costs up to \$149.99, and is payable at the time of sale. All sales are generally final with limited allowances made for refunds.

Mr. Money Tax Organizer

The Mr. Money College Organizer costs up to \$29.99, and is payable at the time of sale. All sales are generally final with limited allowances made for refunds.

Mr. Money Team Membership

Clients will be charged \$299 per month for a 6 month membership. Upon registration, clients will be billed the first two month's fee. Clients may elect to pay all 6 months upon registration. The client will be invoiced directly for the fees.

Newsletters

"Mr. Money Talks Newsletter", a month web-based financial newsletter, is available for a subscription rate of up to \$50 a month. This fee is payable in arrears and clients may cancel at any time. Clients are not charged when cancellation occurs prior to the end of the monthly billing cycle.

We offer a month web based tax newsletter for a subscription rate of up to \$50 a month. This fee is payable in arrears and clients may cancel at any time. Clients are not charged when cancellation occurs prior to the end of the monthly billing cycle.

Three-Day Retreat

Clients will be charged up to \$5,000 to attend the three day retreat. The fee is payable in advance. Client will have a period of five (5) business days from signing up for the retreat to unconditionally rescind their reservation and receive a full refund of all fees. Thereafter, the client may withdraw their reservation prior to attending the retreat and get a prorated refund. Generally due to the notice required to alter printing orders and the booking policies of the seminar venues.

One-Day Seminar

Clients will be charged up to \$2,500 to attend the one-day seminar. The fee is payable in advance. Client will have a period of five (5) business days from signing up for one-day seminar to unconditionally rescind their reservation and receive a full refund of all fees. Thereafter, the client may withdraw their reservation prior to attending the retreat and get a prorated refund. Generally due to the notice required to alter printing orders and the booking policies of the seminar venues.

Referrals to Third Party Money Managers:

We are paid by third party money managers when we refer you to them and you decide to open a managed account. Third party money managers pay us a portion of the investment advisory fee that they charge you for managing your account. Fees paid to us by third party money manager are generally ongoing. All fees we receive from third party money managers and the written separate disclosures made to you regarding these fees comply with applicable state statutes and rules. The separate written disclosures you need to be provided with include a copy of the third party money manager's Form ADV Part 2, all relevant Brochures, a Solicitation Disclosure Statement detailing the exact fees we are paid and a copy of the third party money manager's privacy policy. The third party money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them.

Third party money managers establish and maintain their own separate billing processes over which we have no control. In general, they will directly bill you and describe how this works in their separate written disclosure documents.

Other Types of Fees or Expenses

Non-Wrap fee Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: 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).

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

Refunds of Pre-Paid Fees

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

Commissionable Securities Sales

We sell securities for a commission. In order to sell securities for a commission, our supervised persons are registered representatives of Independent Financial Group, LLC. ("IFG"), member FINRA/SIPC. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client; or when recommending commissionable mutual funds, explaining that "no-load" funds are available through our firm if the client wishes to become an investment advisory client.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

Item 6: Performance-Based Fees & Side-By-Side Management

We do not charge performance fees to our clients.

Item 7: Types of Clients & Account Requirements

We have the following types of clients:

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

We do not have requirements for opening and maintaining accounts or otherwise engaging us

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

Methods of Analysis

The Adviser's main sources of financial information are prospectuses, research materials prepared by others, corporate rating services, annual reports and company press releases. The Adviser may

utilize official statements, continuing disclosures and other information available through the MSRB's Electronic Municipal Market Access system (EMMA) when analyzing municipal securities.

Fundamental Analysis

The Adviser uses fundamental analysis. Fundamental analysis involves predicting the price movement of an asset based on measures that are related to the underlying business. This method is used to judge the performance of management. (Although it is important to note that things outside of management's control can impact performance.)

Comparing the margins of the company and its relative performance to that of two or three of its peers will give an idea of whether the performance is potentially outside of management's control. The Adviser may recommend one or a combination of assets and investment strategies as follows:

- **Mutual & Exchange Traded Funds:**

The Adviser recommends index and actively managed, mutual and exchange traded funds when designing client portfolios. The Adviser considers index funds based on how closely the funds' characteristics mirror the indices they track.

The Adviser analyzes actively managed funds by comparing funds that target the same market sector and have the same investment style using prospectuses and other sources of information. The Adviser reviews the following prior to recommending funds to clients:

- Rank in Category over various periods
- Return Rating
- Risk Rating
- YTD Return (Outsize swings in comparisons to peers can be a sign of risky practices such as placing large bets on certain sectors of the market.)
- 1 Yr Return
- 3 Yr Return
- 5 Yr Return (Typically over a five year period, the economy experiences a complete cycle. However, the way in which a manager operates in various economic environments reflects the manager's ability to make adjustments or stay the course.)
- Loads
- Total Expense Ratios
- Net Assets
- Turnover
- Median Market Capitalization
- Rating Agencies

The Adviser also takes the manager or management team tenure under consideration to determine who was responsible for generating the performance numbers.

- **Variable Annuities**

A variable annuity ("VA") is an insurance contract with an investment component. Investments are typically managed through pooled investment vehicles called subaccounts. The Adviser analyzes VA contracts based on the contract and subaccount

features. The criterion used to analyze subaccounts is similar to the processes used for mutual and exchange traded funds. Variable annuities typically offer:

- Regular stream of income or a lump sum payout at a future time
- Tax-deferred treatment of earnings
- Death benefits

Clients generally pay sales charges or commissions at the time of purchase or charges may be deferred until the VA is sold. Deferred charges typically vary based on how long the VA is held. A portion of the annual operating expenses collected from a client may be paid to a salesperson, in addition to other payments classified as trailing sales charges.

Since compensation from VAs to a salesperson varies, there is a potential conflict of interest since there is an incentive to recommend a VA with a higher payout. VAs may be subject to:

- Taxes and federal penalties for early withdrawal
- Surrender charges for early withdrawal can last for several years
- Earnings taxed at ordinary income tax rates
- Mortality expense to compensate the insurance company for insurance risks
- Fees and expenses imposed for the subaccounts
- Other features with additional fees and charges
- Investment losses

- **Variable Life Insurance**

Variable life insurance is an insurance policy that builds cash value by giving the owner the ability to invest the premiums. The owner also has flexibility in making premium payments due to changes in the cash value. The criterion used to analyze subaccounts is similar to the processes used for mutual and exchange traded funds.

If the performances of the underlying investments are below expectations the death benefit and cash value may decrease. Maintaining the death benefit increases the cost of the policy.

- **Public Equity**

A corporation may issue stock to the general public after registration. Stock represents an ownership interest in a company. The Adviser uses valuation measures and financial information, evaluates the regulatory environment, analyzes products or services that are available or under development and the factors that can impact them to predict the price movement of a company's stock. The Adviser also makes comparisons to the company's peers and to the broader market.

- **Corporate Debt & Municipal Securities**

The Adviser generally analyzes the current yield, yield to maturity, yield to call, call and default risks, and interest coverage. Debt is issued by federal, state and foreign governments and corporations to finance their operations. Debt represents their promise to repay the borrowed amount with interest according to the terms and conditions of the debt instrument. Debt obligations offer limited participation in the

upside of a business. In exchange holders receive interest and a position that is generally senior to equity in a bankruptcy.

Municipal securities are backed by either the full faith and credit of the issuer or by revenue generated by a specific project (like a toll road or parking garage) for which the securities were issued. The latter type of securities could quickly lose value or even become virtually worthless if the expected project revenue does not meet expectations.

Investment Strategies

Modern Portfolio Theory:

The Adviser uses Modern Portfolio Theory as one of its core investment strategies. Modern Portfolio Theory ("MPT") involves a type of asset diversification that uses a mathematical formula for diversifying client investments and minimizing risk. MPT allows clients to attempt to maximize expected return on investments for a given amount of portfolio risk or minimize risk for a given level of expected return through carefully choosing the allocations of various assets in a client portfolio.

The idea is to select investments that collectively have a lower risk than any single asset. MPT describes how to select a portfolio with the highest possible expected return taking into consideration the amount of risk that a particular client is willing to bear. Expected returns are based on historical return data and the correlation among assets can converge and diverge for extended periods, therefore portfolios may not perform as anticipated.

Risk of Loss

Clients are advised that investing in securities involves the risk of loss of the entire principal amount invested including any gains. Clients should not invest unless they are able to bear this risk. Any of the above investment strategies may lead to a loss on investments.

Even hedging strategies may fail if markets move against the hedged investments. In addition, investing carries with it opportunity risk it is impossible to accurately predict the sectors of the market or asset classes that will have more favorable returns for a given period.

Item 9: Disciplinary Information

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

Item 10: Other Financial Industry Activities & Affiliations

Representatives of our firm are registered representatives of IFG, member FINRA/SIPC. They may offer securities and receive normal and customary commissions as a result of securities transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may earn and may not necessarily be in the best interests of the client.

Representatives of our firm are insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

Mr. Rothstein is the owner of Tri-Star Financial Services, a tax preparation and related services firm. These services are independent of our financial planning and investment advisory services and are governed under a separate engagement agreement. The fees for these services are billed hourly and are in addition to the client's Tri-Star Financial's fees. The hourly rate varies depending on the complexity of the work conducted. The client has the option of engaging our firm for tax preparation or accounting services, and we do not actively solicit clients to utilize these services.

The compensation paid to us by third party managers may vary, and thus, there may be a conflict of interest in recommending a manager who shares a larger portion of its advisory fees over another manager. Our firm's fees are not higher than they would have been had our client obtained services directly from the third party money manager. Prior to referring clients to third party advisors, we will ensure that third party advisors are licensed or notice filed with the respective authorities. A potential conflict of interest in utilizing third party advisors may be an incentive to us in selecting a particular advisor over another in the form of fees or services. In order to minimize this conflict our firm will make our selections in the best interest of our clients.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

Code of Ethics

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts¹. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter,

¹ For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Interest in Client Transactions

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Personal Trading

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours prior to buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

Item 12: Brokerage Practices

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with Charles Schwab & Co., Inc. ("Schwab"). Schwab offer to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits from Schwab through our participation in the program.

Schwab may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Schwab may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab to our firm in the performance of our investment decision-making responsibilities.

Client Brokerage Commissions

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above, we may have an incentive to continue to use or expand the use of Schwab services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Schwab and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Schwab charges brokerage commissions and 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 debt securities transactions). Schwab enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Schwab commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Schwab may be higher or lower than those charged by other custodians and broker-dealers.

Our non-wrap fee program clients may pay a commission to Schwab that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission 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's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Soft Dollar Benefits

Our firm does not accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution.

Brokerage for Client Referrals

Our firm does not receive brokerage for client referrals.

Directed Brokerage

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of Schwab. Each client will be required to establish their account(s) with Schwab if not already done. Please note that not all advisers have this requirement.

Special Considerations for ERISA Clients:

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

Trade Aggregation

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13: Review of Accounts or Financial Plans

Review of Accounts

We review accounts on at least a bi-annual basis for our clients subscribing to our Comprehensive Portfolio Management and Third Party Money Management. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Pension Consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to Pension Consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Written Reports

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Comprehensive Portfolio Management Portfolio Monitoring, Pension Consulting and Third Party Money Management service.

Item 14: Client Referrals & Other Compensation

Except for the arrangements outlined in Item 12 of this brochure, we have no additional compensation arrangements to disclose.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with the relevant state statutes and rules.

Item 15: Custody

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

Item 16: Investment Discretion

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Comprehensive Portfolio Management clients. We do not take or exercise discretion with respect to our other clients.

Item 17: Voting Client Securities

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

However, third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third party money manager votes 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. Therefore (except for proxies that may be voted by a third party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

Item 18: Financial Information

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.