

3/31/2011

Lyons Wealth Management, LLC  
Part 2A of Form ADV  
The Brochure

807 W Morse Blvd #105  
Winter Park, FL, 32789  
[www.lyonswealth.com](http://www.lyonswealth.com)

Updated: March 2011

This brochure provides information about the qualifications and business practices of Lyons Wealth Management, LLC (“LWM”). If you have any questions about the contents of this brochure, please contact us at 407-951-8710. 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 LWM is also available on the SEC’s website at:  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

LWM's most recent update to Part 2 of Form ADV was made in January 2011. LWM's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by LWM in prior years.

## Table of Contents

Material Changes .....	2
Table of Contents .....	2
Advisory Business .....	2
Fees and Compensation .....	3
Performance Based Fees and Side-by-Side Management .....	5
Types of Clients.....	5
Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Disciplinary Information .....	8
Other Financial Industry Activities and Affiliations .....	8
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	8
Brokerage Practices .....	9
Review of Accounts .....	16
Custody.....	16
Investment Discretion.....	17
Voting Client Securities .....	17
Financial Information .....	17
Alexander Read's Biographical Information.....	18
Louis Alan Stevens' Biographical Information.....	19
Austin Coose's Biographical Information.....	20

## Advisory Business

LWM provides investment supervisory services, defined as giving continuous investment advice to a client or making investments for a client based on the individual investment needs of the client. Using a risk profile representatives of LWM meet and work with clients to evaluate each client's financial situation and determine the strategy most suitable for the client. Clients can impose reasonable restrictions on LWM's management of their accounts. In many cases, LWM creates and manages client portfolios using option strategies, seeking to enhance return and mitigate risk. Prior to buying or selling an option, investors must read a copy of the Characteristics & Risks of Standardized Options, also known as the options disclosure document (ODD). It explains the characteristics and risks of exchange traded options. The ODD is available through multiple channels, including but not limited to contacting the custodian where the Client account is maintained, contacting LWM Managing Director, Operations and Client Relations , Kerry Merrigan Falconer, or visiting the following link:

<http://www.optionsclearing.com/about/publications/character-risks.jsp>.

LWM primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities.

LWM was founded in 2009 and is primarily owned by Mark Cosgrove. As of March 31, 2011 LWM managed \$260 million on a discretionary basis on behalf of approximately 400 clients.

## **Fees and Compensation**

The majority of the time, LWM charges its clients an annual investment management fee based on a percentage of assets under management, fees vary depending on account size and custodian. Fees are as follows

### **TDA: ERP & TRP**

\$0 to \$1million	1.50%
\$1 to \$3 million	1.25%
Over \$3 million	0.95%

### **TDA: Overlay Portfolio**

\$0 to \$1 million	1.95%
\$1 to \$3 million	1.75%
Over \$3 million	1.50%

### **TDA: Good Harbor Tactical Core**

All Assets	1.50%
------------	-------

### **Wells: ERP & TRP**

All Assets	1.00% + Broker Fee
------------	--------------------

### **Wells: Good Harbor Tactical Core**

All Assets	1.00%
------------	-------

### **H. Beck: ERP & TRP**

All Assets	1.50% + Broker Fee
------------	--------------------

### **Williams Financial Group: ERP, TRP & Good Harbor Tactical Core**

All Assets	1.15%
------------	-------

### **Williams Financial Group: Overlay Portfolio**

All Assets	1.25%
------------	-------

### **Nationwide, Security Benefit, Prudential: Good Harbor Tactical Core**

All Assets	2.5%
------------	------

### **Merrill Lynch: ERP & TRP**

All Assets	1.5%
------------	------

### **Merrill Lynch: Overlay Portfolio**

All Assets	1.5%
------------	------

LWM has waived or negotiated lower fees for certain clients, such as charitable organizations or employees' family members.

Each client is billed quarterly in advance based on the total account value, including margin balances, on the first day of the new calendar quarter. For the first billing quarter, if the management account was not opened at the beginning of the quarter, the fee will be based upon a pro-rata calculation of the aggregate market value of the client's assets to be managed for the period.

Management fees will be debited directly from client's account. Alternative arrangements may be negotiated on a client-to-client basis. Fee will be paid; (1) from free credit balances, if any, in the Portfolio; (2) margin availability; and (3) from the liquidation or withdrawal of the Client's shares from any money market investment. To the extent that such assets are insufficient to satisfy payment of the Company's fee, a portion of the Portfolio assets may be liquidated. The Client understands that if such liquidation occurs, it may affect the relative balance of the Portfolio.

A statement, at the Client's request, can be provided showing the amount of the fee, the long market value of the Client's Portfolio on which the fee is based, and how the fee was calculated. The Custodian typically does not determine if the Company has properly calculated the fee thus Clients should request fee billing statements if they have questions about how fees are being determined.

Assets deposited by a client into their management account during the quarter will not result in additional management fees being billed to the client unless such deposits exceed \$50,000. Such deposits of this amount or greater, in most cases, will require modifications and adjustments to a client's investment allocation. Therefore, a pro-rata fee based upon the number of days remaining in the current quarterly period will be assessed to the client for deposits exceeding the above amount. For assets withdrawn by a client, the Company will not refund any management fees on a pro-rata basis.

## **Fee Exclusions**

All fees paid to LWM for management services are separate from any fees and expenses charged to shareholders of mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: 12b-1 fees and contingent deferred sales charges. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to carefully read the fund prospectus.

In addition, Clients will also incur certain charges imposed by other third parties in connection with investments made through the account. These charges can include, but are not limited to, transaction charges, margin expense, and fees charged by the custodian. Clients should review all fees charged by the LWM, custodian, and others to fully understand the total amount of fees incurred. All of these aforementioned charges, fees and commissions are exclusive of and in addition to LWM's fee.

## **Termination Provisions for Investment Services**

Clients have five (5) full business days after entering into an Investment Advisory Agreement in which to cancel LWM investment services and not incur any costs. Thereafter, should the client wish to terminate investment services on a day other than the last day of a calendar quarter, the Company shall be paid fees due through the date of termination and any balance of the advisory fee shall be refunded on a pro-rata basis.

To terminate our investment services a written notice should be submitted at least 30 days prior to the actual termination date, which provides clear instruction on what the client wants done with their account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity). From the date that the termination goes into effect, it becomes the responsibility of the client to make their own investment decisions.

A refund of the unused portion of the management fee will be credited to the client's account during the first 14 days of the quarter immediately following the quarter in which the client terminated their agreement.

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

LWM does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to LWM.

## **Types of Clients**

LWM primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities. LWM requires a minimum initial investment of \$500,000 to open an Enhanced Return Portfolio ("ERP") and Total Return Portfolio ("TRP" account, and \$1 million to open an Overlay account. The Company retains discretion to modify the above fee structure and minimums depending on the size, complexity, and nature of the portfolio managed. Accounts that do not meet the account minimum may be set up when we anticipate the client will add additional funds to the accounts bringing the total up to the account minimum within a reasonable time.

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

LWM's CEO, Alexander Read; Managing Director, Head of Research & Portfolio Management, Alan Stevens; Director of Options Strategy, Austin Coose and Executive Director of Trading & Research, Brent Haworth work together to conduct fundamental analysis on securities recommended for client accounts. A fundamental approach is used to gather information. Such analysis considers: economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends,

interest rates, company management, debt ratios and tax benefits to determine the companies in which to allocate assets. Technical analysis is also used to determine the most appropriate time of entry & exit points for securities and option contracts.

### **Sources of Information**

The Company relies on numerous financial publications as well as independent research sources for information. Other sources may include, but are not limited to, domestic, international and governmental newspapers, bulletins, magazines, books and other professional subscription services. On occasion, we will use material prepared by investment companies and research releases prepared by other research companies.

### **Investment Strategies**

The Company generally recommends long-term investment strategies requiring a minimum of a three to five year time horizon and holding period regardless of which “strategy” is applied to your portfolio.

LWM’s Investment Committee is led by Alan Stevens, Managing Director, Research & Portfolio Management, and also includes Alexander Read, CEO and Austin Coose, Director, Options Strategy. The Investment Committee generally meets weekly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients’ existing holdings and sector exposures.

The Company offers the following investment strategies:

#### **Enhanced Return Portfolio – Income (“ERP Income”)**

This strategy is designed for portfolios holding a large single stock position or a basket of stocks which the client wants to retain. LWM seeks to generate income by writing covered calls positions held in the portfolio and, in certain instance, protection with the purchase of puts. Managed by a proprietary approach incorporating several technical indicators, positions are monitored regularly and adjustments are made as price action dictates. Selection of expiration and strike prices are a function of market and individual stock volatility. While this strategy is designed to mitigate the likelihood of stocks getting called away (sold) LWM makes no guarantee whatsoever that the stock(s) will remain in the portfolio. When writing covered calls there is always a risk that the stock(s) could be called away.

#### **Total Return Portfolio (“TRP”)**

The Total Return Portfolio ("TRP") is managed with a focus on dividends, option premiums, and capital appreciation of underlying securities. LWM focuses on income enhancement by selling puts, buying stocks, and selling calls. LWM chooses to sell puts on stocks that it would not necessarily mind owning. Selling puts lowers the cost basis, while promoting the opportunity to own the stock at a lower price. If a certain directional movement in the price of the stock is anticipated, the right to buy that stock at a predetermined price, for a specific duration of time can offer an attractive investment opportunity. LWM also buys stocks in which they determine offer

an opportunity for appreciation. These securities will typically be high yielding dividend stocks. A buy/write is most often executed in this case, where a call will be sold above the purchase price to add additional protection to the bought stock, for a specific duration of time.

### **Overlay Portfolio**

This strategy is an options trading strategy using put spreads, call spreads and put writing. The option trading strategies vary and depend on LWM's view of the market as being bullish, bearish or neutral. This strategy requires accounts to have a margin feature and clients are responsible for margin calls and any corresponding margin interest charge assessed by the custodian.

### **Good Harbor Tactical Core**

The central thesis of US Tactical Core is that the Equity Risk Premium is time varying and tied to the business cycle. Adjustments are made to the portfolio based on a combination of proprietary momentum measures, yield curve dynamics and economic data. Once the overall stock and bond allocation is determined, The Strategy allocates portfolio assets to the size/duration segments expected to outperform, on a relative basis, over the next 20-40 days. Leverage is then applied and overlaid to the portfolio in an attempt to amplify returns. Maximum leverage targets are chosen such that overall portfolio volatility is similar to that of the S&P 500 index. The Strategy rebalances to the model portfolio approximately monthly.

For all strategies offered, LWM has broad and flexible investment authority, therefore there is no material limitation on the instruments or markets in which the Advisor may purchase or sell unless investment restrictions are communicated in writing at the time the investment management agreement is signed. The purchase or writing of option contracts involves a high degree of risk and is not suitable for all clients. Uncovered option writing may expose the client to potentially significant loss. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position and may incur large losses if the value of the underlying instrument increases above the exercise price. The risk of writing uncovered put options is also substantial. The writer of an uncovered put option may incur large losses if the value of the underlying instrument declines below the exercise price. Clients must be willing to incur potentially substantial losses and have sufficient liquid assets to meet any applicable margin requirements. In addition, margin trading increase the level of market risk. A declining market could result in greater losses when using margin. In addition, the broker may increase its maintenance margin requirements at any time and is not required to provide advance written notice. Such action would result in a margin call which is a request for additional cash.

### **Types of Investments**

As discussed above, LWM utilizes option strategies when managing client portfolios. Certain employees of LWM also manage a private investment partnership and may recommend that clients invest in the partnership. Conflicts of interest may arise from the fact that employees serve as general partner and investment manager to the private investment partnership, and also make

investment decisions for advisory clients. Such conflicts could affect the objectivity of the advice provided, however LWM is a fiduciary to clients and will act in good faith, and will take such duties into account in dealing with material conflicts of interest. LWM requires that clients who invest must have adequate means of providing for their needs and contingencies without relying on distributions or withdrawals from the private investment partnership, must be financially able to maintain their investment for an extended period, must be able to afford the loss of a substantial part or all of their investment, and must be sophisticated regarding financial and business matters.

## **Disciplinary Information**

LWM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

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

LWM is subject to significant conflicts of interest when providing advice pertaining to insurance. Such conflicts could potentially affect the objectivity of the advice; however LWM owes a fiduciary duty to all advisory clients and will act in good faith in all its dealings with clients, and will take such duties into account in dealing with all material conflicts of interest. Investment Advisory Representatives ("RAs") of the Company may become licensed as resident Life and Health Insurance Agents by the State of Florida. RAs will be appointed through Michael Sharry, LLC, with various insurance companies and earn commissions from the sale of those products. Currently, Alexander Read, Kevin Hiatt and Alan Peck are licensed Insurance Agent. Clients are under no obligation, contractual or otherwise, to engage the services of Michael Sharry, LLC.

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

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in the clients' best interest. To maintain this ethical responsibility to clients, the Company has adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all officers, directors and employees in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim, "Do the right thing!"

The Company's Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation to the Code.
- ❖ Accountability.



To help clients understand the Company's ethical culture and standards, how the Company controls sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of the Company's Code of Ethics is available for review upon request.

Among other things, the code requires LWM and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. LWM's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household.

LWM's employees are generally permitted to trade alongside client accounts as long as they receive the average price that is applicable to clients and pay their share of any transaction costs. However, no employees are allowed to participate in partially filled orders until all clients' orders have been filled. The Chief Compliance Officer monitors employee trading, relative to client trading, to ensure that employees do not engage in improper transactions.

LWM maintains a watch list of securities that are being considered for client accounts, as well as securities already held in client accounts. Any proposed employee transaction involving securities on the watch list requires preclearance from the Chief Compliance Officer. The Chief Compliance Officer does not grant preclearance where it would appear that an employee's trading could disadvantage LWM's clients.

Under certain circumstances an employee might invest in a security that is not considered suitable for client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for clients, but the Chief Compliance Officer might not allow the security to be purchased for client accounts in order to avoid even the appearance of employees trading ahead of clients. In LWM's experience, it is rare for an employee's personal trading to limit clients' investment opportunities, but such a situation may arise from time to time.

## **Brokerage Practices**

### **Direction of Transactions and Commission Rates**

The Company will establish discretionary trading authority on all management accounts to execute securities transactions at any time without the consent or advice of the client unless otherwise negated by the client.

In the accounts handled on a discretionary basis, LWM has the authority to determine the amount of the securities to be bought and sold without obtaining client consent to specific transactions. In the course of providing our services, LWM will execute trades through broker-dealers that maintain custody over the client's account.

LWM is not obligated to acquire for any account any security that the Company or its officers, partners, members or employees may acquire for its or their own accounts or for the account of any other client, if in the absolute discretion of LWM, it is not practical or desirable to acquire a position in such security.

### **Recommending Brokers**

The choice of the custodian will always be approved by the client. If asked, the Company will suggest Merrill Lynch, TD Ameritrade, Wells Fargo, Think or Swim, or NFS. There is no direct affiliation between LWM and the brokers recommended. However, brokers recommended by LWM for custody and brokerage services will provide the Company with other services intended to help advisers such as LWM service its client accounts, and manage and further develop its business enterprise. These benefits include receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; and discounts on compliance, marketing, research, technology, and practice management products or services provided to LWM by third party vendors. Brokers may also offer to pay for business consulting and professional services received by LWM or its employees. The benefits received by LWM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to any broker. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware; however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Adviser's choice of brokers for custody and brokerage services.

LWM participates in the TD AMERITRADE Institutional program. TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. ("TD AMERITRADE") member FINRA/SIPC/NFA. TD AMERITRADE is an independent and unaffiliated SEC-registered broker-dealer and NASD FINRA member. TD AMERITRADE offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD AMERITRADE through its participation in the program.

### **Soft-Dollar Arrangements**

Generally, in addition to a broker's ability to provide "best execution," we may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to the firm, and because the "soft dollars" used to acquire them are client assets, the firm could be considered to have a conflict of interest in allocating client brokerage business: it could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the

transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

The firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

### **Research and Brokerage Products and Services**

"Research" products and services we may receive from broker-dealers may include economic surveys, data, and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions and perform functions incidental to transaction execution. We generally use such products and services in the conduct of our investment decision-making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

### **Other Uses and Products**

The firm may use some products or services not only as "research" and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for our administrative and other purposes as well. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable making investment decisions and executing transactions is paid with commission dollars and we bear the cost of the balance. Our interest in making such an allocation differs from clients' interest, in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that the firm must pay directly.

### **Mutual Fund Transactions**

Although shares of no-load mutual funds can be purchased and redeemed without payment of transactions fees, we may, consistent with our duty of best execution, determine to cause client accounts to pay transaction fees that may be higher than those obtainable from other broker-dealers when purchasing shares of certain no-load mutual funds through TD Ameritrade in order to obtain “research”. This research may not be used for the exclusive benefit of the clients who pay transaction fees in purchasing mutual fund shares.

### **Amount and Manner of Payment**

A broker-dealer through which the firm wishes to use soft dollars may establish "credits" arising out of brokerage business done in the past, which may be used to pay, or reimburse the firm for, specified expenses. In other cases, a broker-dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate it. The actual level of transactional business the firm does with a particular broker dealer during any period may be less than such a suggested level, but may exceed that level and may generate unused soft dollar "credits." We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

### **Benefits & Conflicts between Affiliated Companies**

As previously disclosed, LWM participates in TD AMERITRADE's institutional customer program and LWM may recommend TD AMERITRADE to Clients for custody and brokerage services. There is no direct link between LWM's participation in the program and the investment advice it gives to its Clients, although LWM receives economic benefits through its participation in the program that are typically not available to TD AMERITRADE retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to LWM by third party vendors. TD AMERITRADE may also have paid for business consulting and professional services received by LWM's related persons. Some of the products and services made available by TD AMERITRADE through the program may benefit LWM but may not benefit its Client accounts. These products or services may assist LWM in managing and administering Client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by TD AMERITRADE are intended to help LWM manage and further develop its business enterprise. The benefits received

by LWM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by LWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Adviser's choice of TD AMERITRADE for custody and brokerage services.

### **Investment Services Benefits & Conflicts**

To ensure clients understand the full relationship of LWM to any third parties that LWM may refer business, as well as the choices and risks clients have in receiving investment management services, the following disclosures are provided:

- Clients may choose any broker/dealer to execute his/her securities transactions.
- Investments involve risk and some investment decisions will result in losses. Clients understand that LWM cannot guarantee that their investment objectives will be achieved by working with us.
- Clients are cautioned to consider their options carefully when Investment Advisor Representatives ("RAs") of LWM recommend the purchase of any insurance products where the RA is also a commissioned insurance agent – there is a potential conflict of interest. The incentive on the part of LWM and the RA is to recommend only those products in which they will receive a commission. Consequently, the objectivity of the advice rendered could be subjective and disadvantage the client.
- If requested by the client to implement any insurance recommendations made in the financial plan, RAs will execute such transactions through those insurance companies in which they are licensed representatives. In such cases, the RAs will receive the normal commissions associated with such insurance transactions.
- Since RAs will only offer financial products from those insurance companies in which they are appointed, such recommendations made are limited to that pool of products. Therefore, it is possible that the client might be able to execute similar insurance transactions elsewhere with better coverage and at lower costs.
- LWM does not receive any economic benefit from referring clients to another professional without first notifying the client of such possibilities. LWM acts completely in a fiduciary capacity - the interests of the client are first and foremost. Only on the occasion where LWM and its employees may refer clients to those entities listed above under "Other Business Activities" is there potential for a conflict of interest. However, just as noted above, clients are under no obligation to have any of these institutions perform any aspects of their financial or investment management needs.

Notwithstanding such potential conflicts of interest, LWM strives to serve the best interest of the client; as well as, ensuring such disclosure is being properly made to clients in compliance with the Investment Adviser Act of 1940.

LWM compensates broker/dealers, other investment advisors and financial planners for referring advisory clients. The amount of the referral fee paid is a percentage of the advisory fee paid by the clients. LWM may utilize the services of solicitors in adding new clients. In all cases this arrangement is disclosed to each client by a separate solicitor's disclosure agreement.

Advisor will have arrangements with other service providers whereby Advisor will pay a referral fee to a third party for referring clients. Often, these referrals come from professionals such as brokers, but may not be limited to brokers. In all cases, these arrangements shall be fully disclosed to the clients in accordance with applicable state and federal security laws. Any conflict of interest that may exist will be fully disclosed to any client via the rules governing the solicitor relationship. Currently, TD AMERITRADE acts as a paid solicitor on behalf of the Company.

As a result of past participation in TD Ameritrade's Advisor Direct program (the "referral program"); Advisor received client referrals from TD Ameritrade. TD Ameritrade established the referral program as a means of referring its brokerage customers and other investors seeking fee based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor is no longer participating in the referral program for purposes of receiving client referrals but it is obligated to pay TD Ameritrade an on-going fee for each successful client relationship established as a result of past referrals. This fee is usually a percentage (not to exceed 15%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members who hired Advisor on the recommendation of such referred client. Advisor will not charge clients referred to it through Advisor Direct any fees or costs higher than its standard fee schedule offered to its other clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients.

### **Sub Advisor Relationships**

The Advisor will identify money managers or mutual fund that are compatible with the client's investment objectives, risk tolerance, and other criteria and will prescribe names of money managers/mutual fund in each such category. Once the client has agreed to the money managers/mutual fund, the Advisor will assist with the implementation of the portfolio, and continuously monitor the portfolio for performance, compliance with the investment guidelines, and material changes relating to the money manager or mutual fund. In addition, the Advisor reserves the authority to reallocate assets among money managers/mutual funds on behalf of the client subject to the clients' approval. The Advisor does not manage assets on a discretionary basis, and does not determine the commission rates at which securities transactions are effected. In addition, the Advisor does not determine the broker dealer through which securities are bought and sold. Typically, the sub-advisor selected, will choose the broker or dealer through which securities transactions are effected.

The Advisor will not place orders for transactions in the client's account or otherwise exercise trading authority over the Account at any time when a third party money manager has trading authority over the Account.

For investment supervisory services compensation is derived as fee income based upon the percentage of assets under management. The compensation method is explained and agreed with the clients in advance before any services are rendered.

Currently, Cedar Capital acts as sub-advisor to Lyons Wealth Management, LLC.

### **Best Execution Reviews**

On at least a semi-annual basis LWM's Chief Compliance Officer and other senior executives evaluate the pricing and services offered by all custodians previously listed and other trading counterparties with those offered by other reputable firms. LWM has sought to make a good-faith determination that all custodians and other chosen trading counterparties provide clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by LWM's receipt of products and services from all custodian. Historically LWM has concluded that the custodians they have selected to work with are as good as, or better than, the other firms that have been considered. LWM would notify its clients if it were to determine that another firm offered better pricing and services than the custodians they have selected.

### **Aggregate Trading**

When possible, orders for the same security executed with the same broker are combined or "batched" to facilitate best execution concerns. The Company effects batched transactions in a manner designed to ensure that no participating client, including any proprietary account, is favored over any other client. Specifically, each client that participates in a batched transaction will participate at the average share price for all of the Company's transactions in that security on that business day, with respect to that batched order. Securities purchased or sold in a batched transaction are allocated pro-rata, when possible, to the participating client accounts in proportion to the size of the order placed for each account. If the Company is unable to fully execute a batched transaction and the Company determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro-rata basis, the Company may allocate such securities in a manner determined in good faith to be a fair allocation. Employees of the Company will not participate in any trading done on an aggregate basis. Instead employees can trade after all block trades have executed.

Also, when clients select a broker to custody their account, the commission rates are decided upon between the client and the broker. The Company is sensitive to commission and transaction costs charged by brokers and the Company will always attempt to pay a fair and reasonable price for trading services. The Company also understands that paying the lowest commission rate is not necessarily in the best interests of its clients. In addition to a competitive commission rate, the Company demands that brokers or dealers provide expeditious, convenient, accurate, and reliable execution of all of its orders. When executing over the counter securities transactions on an agency basis, it may result in advisory clients incurring two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the market makers mark-up or mark-down.

## **Trade Error Policy**

On occasion, an error may be made in a client account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, Lyons Wealth Management, LLC generally seeks to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account. In the event the trading error results in an erroneous profit, Lyons Wealth Management, LLC will close out the trade and allow the account to keep the gains.

## **Review of Accounts**

Each Client account is reviewed on an ongoing basis to ensure that the client's needs and objectives are being met. All accounts are reviewed in the context of the client's stated investment objectives and guidelines using the information provided to LWM by Client during profile questionnaire.

Once an account is opened, each Client will receive a LOG-IN/USER ID to access their account on line through the custodian's website. Clients will receive at least quarterly statements from the brokerage firm where their accounts are custodied. Each statement will summarize the specific investments currently held, the value of the client's portfolio, the account transactions and fees. Clients will also receive realized and unrealized gain/loss reports quarterly and on an as needed basis directly from LWM. In addition, Clients can stay current with our quarterly newsletter and quarterly calls from the firm's Client Relationship Manager and or the designated Regional Director.

On at least a quarterly basis the Investment Committee members and the Chief Compliance Officer review a number of reports that are designed to identify accounts that are outside the expected ranges for returns, exposure to asset classes, and exposure to industry sectors. Reviews of client accounts will also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially

## **Custody**

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but LWM can access many clients' accounts through its ability to debit advisory fees. For this reason LWM is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by LWM.



## **Investment Discretion**

LWM has investment discretion over all clients' accounts. Clients grant LWM trading discretion through the execution of a limited power of attorney included in LWM's advisory contract and through the Limited Power of Attorney form utilized by the respective custodians.

Clients can place reasonable restrictions on LWM's investment discretion. For example, some clients have asked LWM not to sell certain securities where the client has a particularly low tax basis.

## **Voting Client Securities**

LWM is hereby expressly precluded from voting proxies. Clients understand and agree that the client retains the right to vote all proxies, which are solicited for securities held in the managed accounts. Any proxy solicitations received at the Company's place of business will be immediately forwarded to the client for their evaluation and decision.

## **Financial Information**

LWM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

# Lyons Wealth Management, LLC

## Part 2B of Form ADV

### The Brochure Supplement

807 W Morse Blvd #105  
Winter Park, FL, 32789  
[www.lyonswealth.com](http://www.lyonswealth.com)

Updated: March 201

This brochure supplement provides information about Alexander Read, Louis Alan Stevens, Austin Coose & Brent Haworth. It supplements LWM's accompanying Form ADV brochure. Please contact LWM's Chief Compliance Officer, Alexander Read, at 407-951-8710 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information about Mr. Read, Mr. Stevens, Mr. Coose and Mr. Haworth is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Any Investment Advisory Representatives retained by the Company will be required to have earned a four-year undergraduate degree or the equivalent suitable experience in fields directly related to investments and financial planning, as well as the required examinations and qualifications to act as such. Paid internships will be provided to college students working towards their four-year undergraduate degree. The following people are responsible for the leadership and direction of the company, as well as ensuring the investment activities are being performed to the expectations of the clients. Their qualifications and experiences are listed on the following pages:

## **Sander Read – CEO and Managing Director -- Biographical Information**

Sander Read was born 9/11/1970. He is the CEO and Managing Director overseeing the firm's investment strategies for Lyons Wealth Management, LLC. Mr. Read has seventeen years of experience in the investment management arena.

From 1993 to 1996, Mr. Read managed individual and institutional assets for the Private Client Group of Merrill Lynch & Co. He was distinguished as both an Executive and Masters Club member, and was a specialist with Merrill Lynch's Asset Information Measurement Group for the evaluation and allocation of assets to money managers.

In 1997 Mr. Read became CEO and Senior Portfolio Manager of his own firm which focused in financial planning and managing high net worth clients with concentrated stock positions. In 2009, with the addition of two sub-advisors, the company transitioned into the corporate form it is today as Lyons Wealth Management LLC.

Mr. Read is a graduate of the Phillips Exeter Academy and Lake Forest College. He holds a B.A. in Economics and French, and was a James S. Kemper Scholar for business and economics. He was also a member of the Red and Black Academic Honors Society. In 2008 Mr. Read completed the Rollins College Roy E. Crummer Management Program.

### Disciplinary Information

Mr. Read was involved in a civil litigation on 1/13/2009. The case did not result in an award/civil judgment. Resolution date was 2/3/2010. The claimant's claims against Read are denied.

### Other Business Activities

Mr. Read is managing member of several LLCs, formed for the purpose of purchasing real estate property. Mr. Read also serves as Manager of Lyons Wealth Holdings, LLC ("LWH"). LWH serves as general partner of the Meerkat Hedge Partners Fund, LP.

### Additional Compensation

Mr. Read receives economic benefits from Mike Sharry, LLC in connection with insurance sales.

### Supervision

As LWM's Chief Executive Officer, Mr. Read maintains ultimate responsibility for the company's operations and investment strategies. Mr. Read discusses investment decisions with the other Investment Committee members, Alan Stevens, Austin Coose & Brent Haworth. Operational decisions are discussed with LWM's Managing Director, Operations & Client Relations, Kerry Merrigan Falconer. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Louis Alan Stevens – Managing Director, Head of Research & Portfolio Management -- Biographical Information**

### Educational Background and Business Experience

Mr. Stevens was born in 1967. A graduate of Lake Forest College, Harvard Business School and Stanford University Executive Education, Mr. Stevens draws on over 20 years of investment, financial and management experience in advising clients.

His investment management career began at the age of thirteen, when he started a business charting daily stock prices and updating portfolio values for local doctors in his neighborhood. This led to an after-school job at A.G. Edwards and later at Merrill Lynch.

After college, Mr. Stevens began his professional career in the Global Trading Division at Continental Bank, then one of only two money center banks in Chicago, where he worked on the loan syndication, asset-backed security and private placement desks. Other relevant experience includes serving as a Vice President with First Union, where he successfully turned around a consumer lending portfolio from a \$100MM loss to a \$100MM profit, and as founder and President of Keystone Portfolio Management, an investment management firm specializing in distressed securities.

Prior to joining LWM, Mr. Stevens spent three years abroad in Dubai and Kuwait, where he advised a billionaire family and served briefly as Chief Operating Officer and as interim Chief Financial Officer for their various holdings, managing 600 employees in eight countries. In these positions he increased earnings over 40%, resulting in an investment from a major private equity firm.

### Disciplinary Information

Mr. Stevens has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Stevens or of LWM.

### Other Business Activities

Mr. Stevens is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of LWM.

### Additional Compensation

Mr. Stevens does not receive economic benefits from any person or entity other than LWM in connection with the provision of investment advice to clients.

### Supervision

Mr. Steven's investment recommendations are supervised by LWM's CEO, Alexander Read. Mr. Read can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Austin Coose – Director, Option Strategy -- Biographical Information**

### Educational Background and Business Experience

Austin Coose was born in 1979. As a National Merit Scholar, Mr. Coose studied Mathematical and Computational Sciences at Stanford University (1997-1999) and Oklahoma University (1999-2001). Mr. Coose is well read on many topics concerning economics, finance, and investing. Developing trading strategies since 2000, based on academic research, quantitative analytics, and some trial and error, he refined his methodologies in order to pursue a career in managed investing. Recognized for his detailed approach and disciplined style, Mr. Coose served as Chief Market Strategist at United Options Group from February of 2005 until February 2007. Mr. Coose was a partner in Blue Rose Wealth Management LLC, coming to life in October 2006, where he eventually moved from Director of Trading Operations to President and CEO. After 4 years, Austin decided to join the Lyons Wealth Management and return to concentrating on his passion, managing risk and directing strategies as part of a trading team.

### Disciplinary Information

Mr. Coose has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Coose or of LWM.

### Other Business Activities

Mr. Coose is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of LWM.

### Additional Compensation

Mr. Coose does not receive economic benefits from any person or entity other than LWM in connection with the provision of investment advice to clients.

### Supervision

Mr. Coose's investment recommendations are supervised by LWM's CEO, Alexander Read, and Managing Director, Head of Research and Portfolio Management, Alan Stevens. Both of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.