



# **Firm Brochure**

## **ADV Part 2A**

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This brochure provides information about the qualifications and business practices of Money Strategies, Inc. If you have any questions about the contents of this brochure, please contact us at 321-255-1995 and/or [jim@moneystrategiesinc.com](mailto:jim@moneystrategiesinc.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 Money Strategies, Inc. is also available on the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration as an investment adviser does not imply a certain level of skill or training.

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Primary Business Name: MONEY STRATEGIES INC

CRD Number: 106363

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## Item 2

### Material Changes

We have the following material changes to report since the filing of our last updated Firm Brochure dated 02/05/2014:

- We reported on our last annual updating amendment that we are no longer eligible for SEC registration. As a result, we are switching from SEC to state registration. Money Strategies, Inc. will be regulated by the Florida Office of Financial Regulation.

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## Item 4

### Advisory Business

Money Strategies, Inc. (MSI) is an investment advisory and financial strategies firm established in 1991 in Melbourne, FL. It is registered with the Florida Office of Financial Regulation as a Registered Investment Advisor. James Alexander Farrish, 7/26/59, is the principal owner of MSI and began his career in the financial services industry in 1985. He became a Registered Investment Advisor in 1991 and is affiliated with Pershing Advisor Solutions LLC.

The firm manages advisory accounts for clients in accordance with the goals, objectives, and risk tolerance of each client. Money management strategies are custom designed by talking through all options available to each client, and ensuring the client understands the risk of each investment prior to investing. The firm and the client form an active working relationship encouraging the client to be involved in the process of managing his/her money. We offer a wide range of investment options and actively manage the money using a disciplined approach to money management. Again, each portfolio is built with our own research and positions aligned to the clients objectives and risk tolerance. MSI clients are individuals, small businesses, corporations, and a pension plan.

Specifically, the investment strategies used by MSI to implement any investment advice given to clients include the use of long term purchases held over a year, and short term purchases held less than a year. Also used are trading strategies of securities sold within 30 days, and short sales. Advice is given for equity securities, corporate debt securities, CD's, municipal securities, investment company securities, US Government securities and option securities. Investments are selected for each client to best fit that client's financial objective and risk tolerance. Please note MSI may or may not own the same securities we recommend to clients. It is MSI's general practice when transacting in the same securities as our clients that it occurs as part of a block transaction resulting in the same transaction costs and execution prices. MSI does not make a market in any securities.

Presently, MSI manages approximately \$35,000,000 with the intent to manage more assets as relationships are developed with individuals, businesses and corporations who are searching for MSI's style of money management. MSI presently manages \$27,000,000 for 130 client accounts, managed on a discretionary basis, and \$ 8,000,000 for 43 client accounts managed on a non-discretionary basis resulting in a total of \$35,000,000 and 173 accounts. MSI has one or two clients in 17 other states. In addition there are approximately 60 paid research and model subscribers and several hundred unpaid readers only on our website, Jimsnotes.com.

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## Item 5

### Fees and Compensation

The fees for MSI investment advisory services are negotiable based on the specific needs of each client. The negotiated fees are based on the intentions each client has for his/her investments such as the level of activity, the level of risk, and the influence of prior experience. Prior to the client employing MSI we obtain complete financial information from the client who completes our Investor Profile form. The form includes personal data, income and investment information, financial data, money psychology and personality traits of the client, and finally the client's risk profile. We also request copies of documents such as income tax, insurance policies, financial statements and any other documents necessary to assist the client in accomplishing his/her goals. After a thorough review of this information with the client we make suggestions on how to reposition and conserve existing assets. After the client decides to hire MSI we thoroughly explain our fees for our services. Fees are deducted quarterly from client assets and a bill is sent to each client confirming this. Clients may write a check if preferred. Refunds of fees are made upon request, albeit that all fees are collected in arrears. Any refunds will be addressed on a case by case basis and are calculated based on the amount of time the client's assets were managed by MSI in that quarter. MSI has three types of money management agreements, each with its own negotiated fee to encompass all of the previously stated client intentions.

1. **Sector Rotation Money Management** - use of our sector rotation strategy developed by MSI to take advantage of the universe of investment alternatives.

The MSI sector rotation management fee is based on client assets under management and is charged each quarter on the ending balance. The negotiated fee ranges from 0.5% - 1.5% of assets under management.

2. **Portfolio Model Money Management** - use of our predefined index based models that balance total return relative to risk management.

The MSI portfolio model money management fee is a negotiated flat fee charged at the end of each quarter. It is negotiated based on assets under management and the specific model chosen for his/her investments.

3. **Customized Portfolio Money Management** – use of a personalized strategy specifically developed for the client.

The MSI customized portfolio money management fee is negotiated and based on the depth of research and time required to manage the customized portfolio.

MSI also charges a one-time only planning fee in addition to the quarterly management fee. The negotiated planning fee is based on the time spent by the advisor during the initial planning stages prior to the hiring of the advisor by the client.

Subscription Services – MSI offers a series of model portfolios for investors who desire to control their own portfolio, but would like access to our research in a model format. The investor can follow each model based on a predefined investment criteria and risk management. Information on each of these can be obtained on our website.

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## Item 6

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

MSI offers an optional performance –based fee for clients who prefer this method of payment. The current program is structured that MSI receives 15% of the profits from the assets under management. The accounts are assessed quarterly and the fee is calculated only on closed positions. Once the fee is collected the account is reset to a high water mark based on end of the quarter account balance. If the client withdraws income or a lump sum of money from the account, the fee calculation balance is reduced by the withdrawal. This practice is performed each quarter as long as MSI manages the money. The client will receive a copy of the fee assessment quarterly for review.

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## Item 7

### Types of Clients

MSI provides investment advice to individuals, corporations, and small businesses. There are no specific requirements for account size, but the client must correspond with the MSI business model.

First and foremost, the MSI business model is structured on providing high levels of education and quality service to every client in order to retain a relationship built on trust, integrity, and a win-win scenario. It is relevant to note here that prospective clients must “fit” into the MSI business model by possessing a thirst for knowledge, and a strong desire to be involved in the process of managing their money. Without these the win-win relationship will not evolve based on MSI’s disciplined approach to money management. Due to this “fit” MSI is able to limit its client base to a reasonable number in order to provide what it believes to be exceptional service. Relationships are developed with individuals, businesses and corporations who are searching for MSI’s style of money management. The target customer is one who finds value in education and involvement. There is no monetary limit, but MSI recognizes that its services are most sought after by individuals who have accumulated assets with the desire to retain principle while growing the assets.

As discussed throughout this document MSI is a provider of education as well as a money management firm. The education is provided through workshops, websites, in office appointments, email and other technical platforms. MSI expects each potential client to participate in one or more of its educational programs prior to becoming a client to ensure a successful relationship. After signing on as a client MSI continues to supply education in all of the aforementioned areas. The education is researched and produced both daily and weekly and offered to all new clients.

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## Item 8

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

MSI's primary focus for building client investment strategies is based on sector investing. This method is applicable to short, intermediate, and long-term investment portfolios which can be performed separately, or blended to achieve the client's investment objectives. Frequent short term trading of securities will incur increased transaction costs. Each client is told the cost of each transaction prior to hiring MSI to manage his/her money. MSI uses charting and/or technical analysis as well as a fundamental approach using economic conditions, earnings, industry outlook, politics relating to investing, historical data, price-earnings ratios, dividends, general level of interest rates, company management and tax benefits. MSI uses technical analysis and charting software as well as the general media of domestic, international, and governmental newspapers, bulletins, magazines, books, and other publications. Included are materials prepared by the investment companies, research releases prepared by others, and inspections of corporate activities.

MSI utilizes industry resources and attends continuing education workshops on investments and portfolio management through Pershing Advisor Solutions LLC and other industry professionals in order to help MSI maintain the high level of client satisfaction. It must be understood that loss with respect to investing in securities is possible, but every effort is taken to protect against losses.

MSI does not direct or suggest brokerage to our clients or prospective clients. Clients and prospective clients are free to work with whomever they choose, but MSI reserves the right to decline the client relationship if it believes the policies of the broker or dealer conflict with its own.



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Item 9

## **Disciplinary Information**

There are no legal or disciplinary events to disclose on the advisers or the management personnel of MSI to question the integrity of the aforementioned.

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## Item 10

### Other Financial Industry Activities and Affiliations

James Farrish is also president of the insurance agency, Money Strategies Advisors. There are no material conflicts of interest between his advisory firm and the insurance agency.

He also founded Let's Talk Money in 1995, the educational component of Money Strategies Inc. Through Let's Talk Money he is able to educate people on the keys to successful investing in a variety of forums such as seminars and workshops.

In 2005 he created SectorExchange.com, and in 2009 OnlyETFs.com. Today, both sites are united under Jimsnotes.com for the sake of simplicity for our subscribers. The site provides research published daily and includes both technical and fundamental research on market sectors and ETFs. This permits individuals to manage their money based on their own strategy, discipline and risk tolerance. Education is provided in conjunction with the research to assist the subscribers in the learning process. Again, there are no material conflicts of interest between his advisory firm and the websites.

MSI is an entity of its own, and is solely responsible for the management of client assets.

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## Item 11

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

MSI's Code of Ethics is a quarterly report of all individual securities held at Pershing Advisor Solutions LLC by the advisers and the personnel. The report is produced and signed quarterly by the person holding the accounts to verify any changes.

Please note MSI may or may not own the same securities we recommend to clients. It is MSI's general practice when transacting in the same securities as our clients that it occurs as part of a block transaction resulting in the same transaction costs and execution prices. MSI does not make a market in any securities, and there are no conflicts of interest.

A copy of MSI's Code of Ethics is available to any client or prospective client upon request.

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## Item 12

### Brokerage Practices

MSI does not use a broker-dealer for client transactions, does not receive soft dollar benefits from a broker-dealer, and does not compensate broker-dealers for client referrals. As an RIA, MSI conducts all transactions directly through Pershing Advisor Solutions LLC.

MSI utilizes industry resources and attends continuing education workshops on investments and portfolio management through Pershing and other industry professionals in order to help MSI maintain the high level of client satisfaction. MSI does not direct or suggest brokerage to our clients or prospective clients. Clients and prospective clients are free to work with whomever they choose, but MSI reserves the right to decline the client relationship if it believes the policies of the broker or dealer conflict with its own.

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## Item 13

### Review of Accounts

Client activity is reviewed and reconciled daily through the use of electronic systems. Each client's financial statements and investment holdings are reviewed on a regular basis using holding reports and additional reporting capabilities. MSI advisers discuss each client's financial situation (losses, gains, purchases, sales, investments, goals, etc) and provide the adjustments to financial needs. Annually or more frequently, MSI provides clients with an updated summary of financial investments. The clearing and custodial firm, Pershing Advisor Solutions LLC, sends client statements directly to MSI clients at least quarterly, and also provides monthly statements if the client account has activity. Clients also have online access to their accounts.

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Item 14

## Client Referrals and Other Compensation

MSI advisers or related persons do not compensate other persons for client referrals. There is no arrangement to receive benefits from non-clients for providing advisory services to clients.

Client referrals are made to MSI by clients and other relations with no compensation.

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Item 15

## Custody

MSI does not have custody of client funds. All funds are held at Pershing Advisor Solutions LLC, the clearing and custodial firm. Clients should carefully review the account statements sent to them by the custodian.

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## Item 16

### Investment Discretion

As an adviser, James Farrish has discretionary authority over trading in client accounts. This authority is limited to trading only. He has no ability to access client funds.

Clients are communicated to by phone, email, and in office appointments to discuss the activity in their accounts. All clients receive a confirmation on every trade made in their account on the day of the trade. The confirmation is sent via email. In the case of a client without an email account, the trade confirmation is mailed on the day of the trade(s).

Every client is given the opportunity to remove positions from their account at their discretion.



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Item 17

## Voting Client Securities

MSI and its advisers do not accept authority to vote client securities. Clients receive proxies and other solicitations directly from the individual securities sent by mail to the address of record. Clients may contact MSI with questions about a particular solicitation.

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## Item 18

### Financial Information

As discussed in Item 5 revenue is a result of three types of money management agreements, each with its own negotiated fee. As MSI continues to accept new clients revenue will increase

MSI and its Founder will continue to maintain and grow the firm according to future client and prospective client needs while retaining its financial solvency. In the case of a force beyond the control of the firm that infringes on the best interest of its clients, the firm will rely on its extensive contact base of professional colleagues to assist in the management of client assets.

MSI has developed a niche in the financial services world primarily due to its twofold services. Due to its ability to train the individual investor to focus on money management and not performance MSI has allowed investors to be patient while developing a plan to accomplish their goals. Through JimNotes.com, Sectorexchange.com, speaking engagements, and radio, MSI is able to keep clients and potential clients up to date on the financial markets, new strategies, and emotions involved with investing. When it becomes necessary MSI will hire additional personnel to retain quality service.

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## Item 19 Requirements for State-Registered Advisers

The following individuals are the principal executive officers and management persons of MSI:

- James A. Farrish, Founder & Chief Compliance Officer

Information regarding the formal education and business background for Mr. Farrish is provided in his respective Brochure Supplement (Part 2B of Form ADV).

MSI is not engaged in any business activity other than giving investment advice.

MSI offers an optional performance –based fee for clients who prefer this method of payment. The current program is structured that MSI receives 15% of the profits from the assets under management. The accounts are assessed quarterly and the fee is calculated only on closed positions. Once the fee is collected the account is reset to a high water mark based on end of the quarter account balance. If the client withdraws income or a lump sum of money from the account, the fee calculation balance is reduced by the withdrawal. This practice is performed each quarter as long as MSI manages the money. The client will receive a copy of the fee assessment quarterly for review. Performance-based compensation may create an incentive for MSI to recommend an investment that may carry a higher degree of risk to the *client*.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. Our firm and our management personnel have no reportable disciplinary events to disclose.

Neither MSI nor our management personnel have a relationship or arrangement with any issuer of securities.