



Disclosure Brochure

March 2012

This Brochure provides information about the qualifications and business practices of Madden Asset Management, a division of Madden Securities Corporation. If you have any questions about the contents of this Brochure, please contact us at the telephone number or address indicated below. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Madden Securities Corporation is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you may determine to hire or retain an Advisor.

Additional information about Madden Securities Corporation is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This is our annual update to our brochure as of our most recent fiscal year end, March 31, 2012. There are no material changes to this brochure as compared to our previous update, as of December 31, 2011.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

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

Currently, our Brochure may be requested by contacting Kathleen Hill at 214-855-5335 or at khill@maddensecurities.com.

Additional information about Madden Securities Corporation is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Madden who are registered, or are required to be registered, as investment advisor representatives of our firm.

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Item 4 – Advisory Business

The applicant, Madden Asset Management, is a division of Madden Securities Corporation (“MSC”), a full service broker/dealer and a member of the Financial Industry Regulatory Authority, Inc. (FINRA) and the Securities Industry Protection Corporation (SIPC). MSC clears its broker/dealer business through SWS Securities, Inc., a securities clearing broker/dealer, on a fully disclosed basis. MSC has been doing business as a broker/dealer since August 1986. Bill Madden is the founder, president and principal owner of MSC. The firm began doing business as a Registered Investment Advisor in December 2002.

Investment Supervisory Services

Madden Asset Management (“MAM”) provides, primarily, investment supervisory services on a discretionary basis and on a non-discretionary basis for private clients, retirement plans, foundations, endowments, estates and other organizations. Investment advice and portfolio management decisions are based on the individual needs and investment objectives of each client. Various investment vehicles may be utilized by MAM in the performance of its services, including money market and fixed income instruments, certificates of deposit, equities, mutual funds, U.S. government obligations, municipal obligations, limited partnerships, master limited partnerships and options contracts on securities.

Investment supervisory services are tailored to the individual needs and objectives of the client. We begin the process by developing a profile of the client, which includes a thorough assessment of the client’s financial situation, financial needs, time horizon, investment objectives, attitude toward taking risk and any specific limitations or restrictions they require. From this information, we develop investment policy guidelines that will guide investment decisions. Clients may impose restrictions on investing in specific securities and/or types of securities.

In certain cases, where authorized or directed by the client, MAM may delegate discretionary portfolio management to third party investment advisors to manage portions of the client’s assets, where appropriate. Clients are referred to such third-party advisors’ disclosure document for further information about those advisors’ services and fees, where applicable.

In certain cases, MAM may offer the Charles Schwab & Co., Inc. “Managed Account Select” wrap fee program to its clients where appropriate. MAM’s fee for its role in performing investment supervisory services related to client assets in the Managed Account Select program is separate from and in addition to the wrap fee charged by Charles Schwab & Co., Inc. Clients are referred to the Charles Schwab & Co., Inc. wrap fee disclosure brochure for more information about the Managed Account Select program services and fees where applicable.

As of March 31, 2012, MAM managed approximately \$278.1 million of client assets, of which \$188.6 million were managed on a discretionary basis and \$89.5 million were managed on a non-discretionary basis.

Investment Management Consulting Services

MAM also provides investment management consulting services for private clients, retirement plans, foundations, endowments, estates and other organizations. These services may include investment policy development, investment planning, evaluation of other investment advisors, investment advisor searches and/or other related services and generally do not involve ongoing investment supervisory services. These services are generally provided for hourly or fixed fee compensation.

Item 5 – Fees and Compensation

Depending upon the specific advisory services rendered, MAM will employ one of the following fee schedules.

Investment Supervisory Services

MAM is compensated for investment supervisory services by fees based on the client's assets managed. The following is our standard fee schedule:

<u>Client Assets Managed</u>	<u>Annual Fee Rate</u>
First \$1,000,000	1.00%
Next \$4,000,000	0.75%
Over \$5,000,000	0.65%

Fees for investment supervisory services are charged quarterly in arrears. They are billed in the month immediately following the end of each calendar quarter in which services are provided. The standard billing arrangement provides that MAM will deduct fees from the client's assets. However, a client may elect to be billed (invoiced) and remit payment by mail, subject to the agreement of both parties and as stipulated in the management agreement.

The fee is calculated based on the market value of qualifying assets, as determined by MAM, as of the close of business on the last business day of the quarter, multiplied by one-fourth of the annual fee rate. In cases where services are not provided for the entire calendar quarter, the fee is pro-rated for the number of days in which services were actually provided.

In some cases, MAM's fee may be negotiable depending upon the overall size (in terms of assets) of the client relationship, the longevity of the client relationship, the level of service required and other factors. Assets of clients who are related to each other may, in some cases, be aggregated for the purpose of determining the fee payable for services. MAM may also reduce or waive the minimum annual fee under similar circumstances.

MAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment advisors, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to MAM's fee, and MAM shall not receive any portion of these commissions, fees, and costs.

For a more complete discussion of brokerage practices, please refer to Item 12 – *Brokerage Practices* on page 7 of this brochure.

The contract for investment supervisory services may be terminated by either the client or MAM at any time upon written notice to the other party. In the event that a contract for services is terminated prior to the end of a billing period, any fees owed to MAM for services provided but not yet paid will become due and payable immediately upon termination of the contract.

Investment Management Consulting Services

Investment management consulting services are generally billed on an hourly or fixed fee basis.

HOURLY FEES:

Principals – \$250 per hour
Sr. Associate or Analyst – \$150 per hour
Clerical/Administrative – \$60 per hour

FIXED FEES:

Portfolio/Manager/Peer Reviews – \$2,500 per Portfolio/Manager
Portfolio/Manager Searches – \$5,000 per Asset Class
Investment Policy Development – \$5,000

Fees for investment management consulting services are billed upon completion of the assignment or in installments during the term of the assignment, depending upon the size,

scope and term of the assignment. Any pre-paid installments made on services ultimately not rendered due to an early termination of assignment will be promptly refunded following notice of termination from the client. Fees may be negotiable depending upon the size and scope of a project, the longevity of the client relationship, other business related to a client or a client's affiliates and other factors.

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

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

Item 7 – Types of Clients

MAM provides portfolio management services to individuals, high net worth individuals, corporations, pension and profit sharing plans, trusts, estates and charitable organizations.

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

MAM's primary investment strategy is to allocate client assets across multiple and diverse asset classes (e.g., equities, fixed income, cash & cash equivalents, and alternative investments). Depending on client objectives, this may involve long term purchases (securities held at least a year), short term purchases (securities held less than a year), short sales, margin transactions and option writing, including covered options, uncovered options, or spreading strategies.

MAM employs fundamental and technical analysis. MAM uses financial newspapers and magazines, financial resources on the internet, research materials prepared by others, corporate rating services and company press releases as sources of information.

Although MAM attempts to mitigate risk by broadly diversifying client assets across multiple asset classes, clients are advised that there is always a risk of loss in any investment strategy. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

Madden Securities Corporation (MSC; of which MAM is a division) is a registered broker/dealer, which is involved in fully disclosed general securities and investment banking business. In its capacity as broker/dealer, MSC sells products and services other than investment advice to clients. It is estimated that MSC currently spends approximately 20% of its time on its broker/dealer business.

MAM does not utilize the affiliated broker/dealer in the conduct of its investment advisory business.

Item 11 – Code of Ethics

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

MAM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which MAM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which MAM, its affiliates and/or clients, directly or indirectly, have a position of interest. MAM's employees and persons associated with MAM are required to follow MAM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of MAM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for MAM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of MAM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time,

allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of MAM's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between MAM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with MAM's obligation of best execution. In such circumstances, the affiliated and client accounts will be allocated securities at a total average price. MAM will retain records of the transaction (specifying each participating account) and its allocation. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the transaction record.

MAM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Kathy Hill at MAM's main address or phone number (see front cover).

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

Item 12 – Brokerage Practices

The Custodians and Brokers We Use

MAM does not maintain custody of client assets, although we may be deemed to have custody if you give us authority to withdraw assets from your account (see Item 15 – Custody). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We recommend, but do not require, that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we (or you) instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Not all advisors recommend or require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs” below).

How We Select Brokers/Custodians

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:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions

- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Schwab”)

Your Brokerage and Custody Costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. For some accounts, Schwab may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab’s commission rates and asset-based fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be otherwise. In addition to commissions and asset-based fees, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians” above).

Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business.

Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

Services That Benefit You. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession

- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. We have approximately \$250 million in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Aggregation of Client Orders

Whenever possible and practicable, MAM will aggregate orders for purchases and sales of securities for multiple client accounts. The resulting aggregated transactions are allocated on an average price basis to ensure all clients participating in the transaction(s) are treated equally. This is generally restricted to exchange-listed or over-the-counter securities that trade on an intraday basis, which are bought or sold for clients on the same day. In the event that a purchase or sale is incomplete (a "partial fill"), shares are allocated on a pro-rated basis with each client receiving an allocation that is proportional to their intended allocation had the order been completed. This practice does not apply to open end mutual funds which are purchased or sold at the net asset value at the end of the day.

Item 13 – Review of Accounts

Client accounts are reviewed for activity, balances and valuations at least monthly if there is any activity other than interest earned on cash or money market balances. Otherwise, advisory accounts are reviewed at least quarterly for performance by each client's advisor representative. Clients may also request and receive additional reviews on an "as needed" basis. The number of reviewers (advisor representatives) will vary depending upon the number of investment advisor representatives employed by the firm. Likewise, the number of accounts assigned to each reviewer (advisor representative) will vary depending on the number of clients each representative has.

Clients receive brokerage confirmations on all transactions conducted in their accounts(s) at (or immediately following) the time of the transaction. Additionally, Clients receive brokerage/custodial statements monthly if there is any activity in their account other than cash or money market interest (at least) quarterly. Clients will also receive a "portfolio review" each quarter which contains additional information about performance and realized and unrealized gains and losses.

Item 14 – Client Referrals and Other Compensation

MAM receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

MAM does not, directly or indirectly, compensate any third parties (i.e., persons or entities not affiliated with MAM) for client referrals.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. MAM urges clients to carefully review such statements and compare such official custodial records to the account statements that MAM may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

MAM usually receives, through written agreement, discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold and/or to engage third-party investment advisers on the client's behalf. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives, policies, limitations and restrictions for the particular client account. Investment guidelines and restrictions must be provided to MAM in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, MAM does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios, except in cases where the client has retained, or we have retained on behalf of the client, a third-party separate account manager (SAM) who has been delegated, and who accepts such delegation, the authority to vote proxies. In such cases, the SAM will have policies and procedures regarding how they vote proxies. Not all SAMs accept proxy voting responsibility.

Clients will receive their proxy/voting materials directly from their custodian or the transfer agent for the securities issuers.

Clients may contact us at the address and phone number displayed on the front of this brochure with questions about a particular proxy solicitation.

Item 18 – Financial Information

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about MAM's financial condition. MAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.