

## Mid-Atlantic Securities, Inc.

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This Brochure provides information about the qualifications and business practices of Mid-Atlantic Securities, Inc. If you have any questions about the contents of this Brochure, please contact us at (919) 783-7787. 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.

Mid-Atlantic Securities, Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

Additional information about Mid-Atlantic Securities, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Material Changes**

Since our last brochure dated March 2017 we have applied for registration with the SEC due to an increase of assets under management (see Item 4). We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may be requested by contacting us at our main number above.

### Item 3 -Table of Contents

|   |     |
|---|-----|
| Item 1 – Cover Page .....   | i   |
| Item 2 – Material Changes .....   | ii  |
| Item 3 -Table of Contents .....   | iii |
| Item 4 – Advisory Business .....  | 1   |
| Item 5 – Fees and Compensation .....                                      | 3   |
| Item 6 – Performance-Based Fees and Side-By-Side Management .....         | 7   |
| Item 7 – Types of Clients.....  | 7   |
| Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss..... | 8   |
| Item 9 – Disciplinary Information .....                                   | 9   |
| Item 10 – Other Financial Industry Activities and Affiliations .....      | 9   |
| Item 11 – Code of Ethics .....  | 10  |
| Item 12 – Brokerage Practices .....                                       | 11  |
| Item 13 – Review of Accounts.....   | 11  |
| Item 14 – Client Referrals and Other Compensation.....                    | 12  |
| Item 15 – Custody .....   | 12  |
| Item 16 – Investment Discretion .....                                     | 12  |
| Item 17 – Voting Client Securities.....                                   | 13  |
| Item 18 – Financial Information.....                                      | 13  |
| Privacy Policy .....  | 13  |

#### Item 4 – Advisory Business

Mid-Atlantic Securities, Inc. (“MAS”) was established as a Registered Investment Adviser in 1987. James B. Glover, Jr. is the CFO and FINOP of MAS and is a 25% owner. John F. Nash is the CEO and President of MAS and is a 25% owner. Minority owners include Blanchard Granville, Charles Hunter, III and John Zaleski, as well as, Rosilyn Overton and Donald Brown through Brown and Overton Partnership.

Mid-Atlantic Securities (“MAS”) offers the following advisory programs:

- I. Financial Planning
- II. Retirement Plan Advisory Services
- III. Raymond James sponsored programs
  - 1. Raymond James Financial Opportunity Account (“Opportunity”)
  - 2. Ambassador Account Program (“Ambassador”)
  - 3. Freedom Account Program (“Freedom”)
  - 4. Raymond James Consulting Services

#### I. FINANCIAL PLANNING:

MAS provides advice in the form of a Financial Plan. Clients purchasing this service will be provided with a detailed financial plan designed to achieve their stated financial goals and objectives. An agreement with MAS is signed prior to the development of the plan which determines the fees and states the terms of the arrangement. In general, the financial plan will address any or all of the following areas of concern:

- ) **PERSONAL:** Family records, budgeting, personal liability, estate information and financial goals.
- ) **TAX & CASH FLOW:** Income tax and spending analysis and planning for past, current and future years. MAS will illustrate the impact of various investments on a client's current income tax and future tax liability.
- ) **DEATH & DISABILITY:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- ) **RETIREMENT:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- ) **INVESTMENTS:** Analysis of investment alternatives and their effect on a client's portfolio. MAS gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client, and a written report is prepared.

Should a client choose to implement the recommendations contained in the plan, MAS suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

#### II. Retirement Plan Advisory Services

MAS provides advisory services to pension, 401(k), profit sharing and similar plans commonly known as ERISA (Employment Retirement Income Security Act) plans. These services may include:

- ) **Investment Policy Statement Preparation (IPS):** MAS will meet with the client (plan sponsor or trustee - in person or over the telephone) to determine the client's investment needs and goals. A written IPS can be created, stating those needs and goals, encompassing a policy under which these goals are to be

achieved. The IPS will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance.

- J) **Employee Communications:** For pension, profit sharing and 401(k) plan clients where participants exercise control over assets in their own account (self-directed plans), MAS provides support for plan participant through telephone conversations and education. The educational support and investment assistance will not provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

### **III. Raymond James Sponsored Programs**

MAS has entered into an agreement with Raymond James Financial Services ("RJFS"), pursuant to which RJFS provides advisory and/or other services with respect to the Programs summarized in this brochure. Clients of investment advisory accounts described herein are clients of MAS. RJFS provides advisory and/or other services to MAS with respect to all of the programs, but provides investment advice that is tailored to the needs of a particular client. Unless otherwise specified, the Clearing Agent will maintain custody of Client assets. The Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. A full description of all services is provided in the account services agreement.

The wrap fee programs sponsored by Raymond James & Associates, Inc. (Raymond James) through its Asset Management Services and Raymond James Consulting Services Divisions provide discretionary or non-discretionary investment advisory services to clients that choose one or more of the programs described below.

Asset Management Services (AMS), a division of Raymond James, sponsors the following wrap fee programs:

1. Raymond James Financial Opportunity Account ("Opportunity")
2. Ambassador Account Program ("Ambassador")
3. Freedom Account Program ("Freedom", "Freedom Foundation" & "Freedom UMA")
4. Raymond James Consulting Services

**Please see the respective manager's Disclosure Document (ADV Disclosures) and/or Raymond James program disclosure document for a description of the services and for fee information.** Unless otherwise stated, as a condition for managing accounts, clients shall invest not less than \$100,000.

### **SUMMARY OF PERTINENT RAYMOND JAMES PROGRAMS**

#### **1. Raymond James Financial Opportunity Account ("Opportunity")**

#### **2. Ambassador Account Program ("Ambassador")**

Opportunity and Ambassador accounts allow selected financial advisors to manage clients' portfolios on a wrap fee basis in accordance with the clients' objectives. Raymond James will enter into a client account agreement with the client, under which Raymond James will provide brokerage, custody and related services to the client accounts. Raymond James does not determine suitability of advice for any client. MAS is responsible for all advice and suitability of such advice regarding these accounts. A full description of all services is provided in the account services agreement.

#### **3. Freedom Account Program ("Freedom", "Freedom Foundation" & "Freedom UMA")**

Clients may select one or more asset allocation portfolio strategies consisting of either mutual funds or exchange-traded funds. Freedom Accounts are managed on a discretionary basis by the AMS Investment Committee, which develops the portfolio asset allocation, selects the underlying funds populating the

respective model strategy and annually rebalances the client's account to the original allocation. Freedom offers six investment strategies, including Aggressive Equity, Growth Equity, Balanced with Growth, Balanced, Equity Income and Income portfolios.

#### **4. Raymond James Consulting Services**

Raymond James Consulting Services provides investment advisory services to both retail clients (in general, smaller accounts of individuals, IRA's, trusts and employee benefit plans) and institutional clients (in general, larger accounts of corporate pension plans, public funds, foundations and other tax-exempt entities, and registered investment companies).

Although Raymond James Consulting Services generally exercises investment discretion for each account that it advises, the portfolio composition within the same investment objective may, at any given time, differ as to stocks, industries, and cash levels. As a result, the performance of an account within a particular investment objective may differ from other accounts within that same investment objective. Clients should not expect that the performance of their portfolios will be identical to that of the Raymond James Consulting Services average for that investment objective. These differences in portfolio composition are attributable to a variety of factors, including, but not limited to, the type of account (*e.g.*, retail or institutional), client's restrictions and guidelines, and significant account activity (*e.g.*, significant number of contributions and/or withdrawals).

There generally is a minimum investment of \$100,000 for all equity and balanced accounts, and \$250,000 for most fixed income accounts, although smaller accounts may be accepted based on the specific circumstances of an account.

MAS currently may manage client assets on a discretionary or non-discretionary basis. As of October 20, 2017, MAS held discretionary assets under management of \$71,531,551 and non-discretionary assets of \$32,147,861.

#### **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by MAS is established in a client's written agreement with MAS. Mid-Atlantic Securities ("MAS") offers the following advisory programs:

- I. Financial Planning
- II. Retirement Plan Advisory Services
- III. Raymond James sponsored programs
  1. Raymond James Financial Opportunity Account ("Opportunity")
  2. Ambassador Account Program ("Ambassador")
  3. Freedom Account Program ("Freedom", "Freedom Foundation" & "Freedom UMA")
  4. Raymond James Consulting Services

#### **I. FINANCIAL PLANNING:**

Financial planning fees will be charged on an agreed upon fixed fee, ranging from \$1,000 to \$10,000, or an hourly basis, ranging from \$175 to \$275 per hour, depending on the nature and complexity of each client's circumstances. An estimate for total hours will be determined at the start of the advisory relationship. Up to 50% of the estimated fee is due upon signing the advisory agreement, with the balance (based on actual hours) due upon presentation of the plan to the client. Typically, the work will be presented to the client within 90 days of the contract date, provided that all information needed to prepare the work has been promptly provided by the client. Financial Planning fees are negotiable and are payable to Mid-Atlantic Securities, Inc.

**ACCOUNT TERMINATION POLICY:** Accounts will be terminated immediately upon receipt of a written request by the client. The client will be refunded a portion of the fee based upon a calculation of any unused fees at the time of termination.

## **II. Retirement Plan Advisory Services**

Fees for Retirement Plan Advisory Services will be based on plan assets under management with a maximum fee of .50%. Fees are charged in advance of service. Fees are based on the value of account and are calculated as the total market value of the account as shown on the client custodial statement.

## **III. Raymond James Sponsored Programs**

All fees are separate fees and paid directly to the program sponsor, who then remits a portion of the fee to MAS.

Asset Management Services (AMS), a division of Raymond James, sponsors the following wrap fee programs:

1. Raymond James Financial Opportunity Account ("Opportunity")
2. Ambassador Account Program ("Ambassador")
3. Freedom Account Program ("Freedom", "Freedom Foundation" & "Freedom UMA")
4. Raymond James Consulting Services

**Clients will receive a copy of the Raymond James wrap fee brochure. Please see the respective manager's Disclosure Document (Wrap Fee Brochure) and/or Raymond James program disclosure document for a description of the services and for fee information.** Please refer to fee details below for a general description of advisory fees.

### **1. Raymond James Financial Opportunity Account ("Opportunity")**

Opportunity accounts allow selected financial advisors to manage clients' portfolios on a wrap fee basis.

Minimum Fees:                      Asset Management Services Administrative Fee: \$100.00  
    Raymond James Correspondent Services Administrative Fee: \$72.50

Fee Schedule:

| <u>Account Value</u>           | <u>Advisory Fee</u> |
|--------------------------------|---------------------|
| Up to \$1 Million              | 2.25%               |
| \$1 Million up to \$2 Million  | 2.00%               |
| \$2 Million up to \$5 Million  | 1.75%               |
| \$5 Million up to \$10 Million | 1.50%               |
| \$10 Million and up            | 1.25%               |

Commissions or fees charged may be higher than those otherwise available if the services were provided separately for a discrete fee or if an investment advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. All advisory fees and commissions are subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting and brokerage services may not be available separately or may require multiple accounts, documentation and fees. In addition, certain advisors may not be available to certain clients outside the consulting relationship because of minimum account sizes, fee schedules, geographic availability or other factors.

## 2. Ambassador Account Program (“Ambassador”)

Ambassador accounts allow selected financial advisors to manage clients’ portfolios on a wrap fee basis.

Fee Schedule:

| <u>Account Value</u>           | <u>Advisory Fee</u> |
|--------------------------------|---------------------|
| Up to \$1 Million              | 2.25%               |
| \$1 Million up to \$2 Million  | 2.00%               |
| \$2 Million up to \$5 Million  | 1.75%               |
| \$5 Million up to \$10 Million | 1.50%               |
| \$10 Million and up            | 1.25%               |

Commissions or fees charged may be higher than those otherwise available if the services were provided separately for a discrete fee or if an investment advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. All advisory fees and commissions are subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting and brokerage services may not be available separately or may require multiple accounts, documentation and fees. In addition, certain advisors may not be available to certain clients outside the consulting relationship because of minimum account sizes, fee schedules, geographic availability or other factors.

## 3. Freedom Account Program (“Freedom”, “Freedom Foundation” & “Freedom UMA”)

The advisory fees for Freedom accounts are as follows (all fees are incremental):

| <b>All Strategies except Income:</b> |                     | <b>UMA Fee Schedule:</b>       |                     | <u>All Strategies</u> |
|--------------------------------------|---------------------|--------------------------------|---------------------|-----------------------|
| <u>Account Value</u>                 | <u>Advisory Fee</u> | <u>Account Value</u>           | <u>Advisory Fee</u> | <u>Except</u>         |
| Up to \$1 Million                    | 2.25%               | Up to \$1 Million              | 2.60%               | <u>Institutional</u>  |
| \$1 Million up to \$2 Million        | 2.00%               | \$1 Million up to \$2 Million  | 2.35%               | <u>Institutional</u>  |
| \$2 Million up to \$5 Million        | 1.75%               | \$2 Million up to \$5 Million  | 2.10%               | 2.50%                 |
| \$5 Million up to \$10 Million       | 1.50%               | \$5 Million up to \$10 Million | 1.85%               | 2.25%                 |
| \$10 Million and up                  | 1.25%               | \$10 Million and up            | 1.60%               | 2.00%                 |
|                                      |                     |                                |                     | 1.75%                 |
|                                      |                     |                                |                     | 1.50%                 |

## 4. Raymond James Consulting Services

|                                | <b>Equity Balanced and<br/>ETF Disciplines</b> | <b>Fixed Income<br/>Disciplines</b> | <b>Laddered Bonds &amp;<br/>ST Conservative<br/>Fixed Inc.</b> |
|--------------------------------|--|-------------------------------------|--|
| <u>Account Value</u>           | <u>Advisory Fee</u>                            | <u>Advisory Fee</u>                 | <u>Advisory Fee</u>  |
| Up to \$1 Million              | 2.75%  | 2.55%                               | 2.45%  |
| \$1 Million up to \$2 Million  | 2.50%  | 2.30%                               | 2.20%  |
| \$2 Million up to \$5 Million  | 2.25%  | 2.05%                               | 1.95%  |
| \$5 Million up to \$10 Million | 2.00%  | 1.80%                               | 1.70%  |
| \$10 Million and up            | 1.75%  | 1.55%                               | 1.45%  |



**Fee Details for all Raymond James Sponsored Programs**

Raymond James Sponsored accounts are charged an all-inclusive “wrap fee” on Program Assets that cover advisory, execution, custodial and reporting services on assets. Fees are not deemed to be separate fees for this service. All fees listed above are charged in advance of service. Fees are based on the value of account and are calculated as the total market value of the account as shown on the client custodial statement. Although the fees listed above are “default” fees of Raymond James and may be higher than the industry standard asset management fee, they are negotiable. The actual fee for your account will be listed on your Investment Management Agreement. If the firm is assessed a transactions fee or custody and clearing fee, such fee will be passed on to the client at cost.

The initial fee payment is due in full on the date the client’s account is accepted and opened (the “Opening Date”) and will be based on the asset value of the account on that date. The period for which such payment will be made under the MAS program will run from the Opening Date through the last day of the full calendar quarter (the “Initial Fee Period”) and will be prorated as appropriate. Thereafter, the quarterly fee is based on the Program account asset value on the last day of the previous calendar quarter and is payable quarterly in advance of service.

The client will maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the contract, and the client authorizes Raymond James to debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. Raymond James will remit a portion of the fee to MAS. If there are not funds to cover the fees, then the firm will liquidate assets to cover fees. The client will receive an invoice from MAS prior to debiting their account. The invoice will explain in detail the calculation used to determine the amount of the fee to be debited.

Although MAS believes its fees are reasonable in light of the services provided, clients should be aware that such fees may be more or less than the fees and commissions associated with brokerage services purchased separately. Raymond James Sponsored accounts are charged an all-inclusive “wrap fee” on Program Assets that cover advisory, execution, custodial and reporting services on assets. The comparison is dependent upon a number of factors, including the frequency of brokerage activity in the client’s account, the size of the account under management, and any negotiated fee arrangements with respect to the account. An investor should consider these factors prior to opening an account.

**ACCOUNT TERMINATION POLICY:** A full refund will be provided without penalty if the client terminates the contract within 5 business days of signing with the Company. Accounts will be terminated upon receipt of a written request by the client. The client is entitled to a refund of any unused fees at the time of termination. The prorated fees are refunded by the program sponsor.

Upon written receipt of notice to terminate its Client Agreement with any of MAS investment advisory Programs, and unless specific transfer instructions are received, MAS and its agent will, in an orderly and efficient manner, proceed with liquidation of the Client’s account. There will not be a charge by us for such redemption; however, the Client should be aware that certain mutual funds impose redemption fees as stated in each company’s fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client’s tax advisor.

Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers’ abilities. Should the necessary securities’ markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the

administrative processing time needed to terminate Client's investment advisory service and communicate the instructions to Client's investment advisor, **termination orders received from clients are not market orders; it may take several business days under normal market conditions to process Client's request. During this time, Client's account is subject to market risk.** MAS and its agent are not responsible for market fluctuations of the Client's Account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

Clients should review all Raymond James Program or respective advisory disclosure documents for any additional information related to account terminations.

### **General Fee Information**

Other fees include costs associated with any dealer markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities Exchange Act of 1934 and other charges imposed by law with regard to any account transactions; offering discounts; IRA fees; redemption fees, exchange fees or similar fees imposed in connection with any mutual fund transaction. Client acknowledges that some or all of the mutual funds in which client invests may, as allowed under the Investment Company Act of 1940, pay fees to broker-dealers with respect to the distribution of the mutual funds' shares. Such fees are described in mutual fund prospectuses. These fees, known as 12b-1 fees, are refunded to our clients by MAS.

Although MAS believes its fees are reasonable in light of the services provided, clients should be aware that such fees may be more or less than the fees and commissions associated with investment advisory and brokerage services purchased separately. Raymond James Sponsored accounts are charged an all-inclusive "wrap fee" on Program Assets that cover advisory, execution, custodial and reporting services on assets. The comparison is dependent upon a number of factors, including the frequency of brokerage activity in the client's account, the size of the account under management, and any negotiated fee arrangements with respect to the account. An investor should consider these factors prior to opening an Advisory Account.

Advisors may suggest Mid-Atlantic Securities broker-dealer services to clients. Factors for such recommendation would be when transaction compensation is seen as a benefit to the client. For broker-dealer services, the Adviser or its associated persons receives compensation for such transactions, where such compensation is separate and distinct from Adviser's compensation related to its investment advisory services. Commissions paid to MAS for broker-dealer services may be higher or lower than those obtainable from other brokers in return for those products and services. From time to time, associated persons of MAS may recommend that clients buy or sell securities or investment products that the Adviser also owns. In such circumstances, Adviser shall adhere to the Code of Ethics.

Item 12 further describes the factors that MAS considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

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

MAS 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**

MAS provides portfolio management services to individuals, corporations and business entities, pension and profit-sharing plans, charitable institutions, foundations, endowments, estates and trusts.

The Raymond James Financial Opportunity Account requires a minimum account size of \$25,000; the Ambassador Account Program requires a minimum account size of \$10,000 and the Freedom Account Program require a minimum account size of \$20,000, Freedom Foundation requires a minimum account size of \$5,000, Freedom UMA requires \$300,000 to \$2,000,000 minimums; and the Raymond James Consulting Services require a minimum account size of \$100,000 to \$250,000. MAS has the discretion to waive the account minimum.

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

Our investment strategy begins with an understanding of a client's financial goals. Advisors use demographic and financial information provided by the client to assess the client's risk profile and investment objectives in determining an appropriate plan for the client's assets. Investment strategies ordinarily include long- or short-term trading of stock portfolios, mutual funds, fixed income securities and margin transactions.

Investment recommendations are based on an analysis of the client's individual needs, and are drawn from research and analysis. Security analysis methods include fundamental analysis, technical analysis, charting and cyclical analysis. Information for this analysis is drawn from financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, corporate filings, prospectuses and company press releases.

#### **Investment Strategies**

**Long-Term Trading** is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Short-Term Trading**, Short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

#### **Material Risks Involved**

**Charting analysis** strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the incorrect assumption that past performance will be indicative of future performance.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

It is important to note that investing in securities involves a risk that clients should be prepared to bear. For any risks associated with Investment Company products, please refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- ) Interest-rate Risk: Fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- ) Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- ) Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- ) Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- ) Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- ) Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- ) Margin Transaction Risk: Buying on margin means using your securities as collateral to increase cash and/or buying power in your account. Any loan or any balance due on your account is payable on demand, and payment of the full amount of any loan or balance due may be demanded at any time.
- ) Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### **Item 9 – Disciplinary Information**

The Alabama Securities Commission sanctioned Mid-Atlantic Securities, Inc. for effecting securities transactions in the state of Alabama without being properly licensed in the state on March 7, 2011 (CA2011-0006). Mid-Atlantic Securities voluntarily consented to an agreement to settle the issue and paid the Alabama Securities Commission a total sum of \$7500. Since then, Mid-Atlantic Securities strengthened its procedures to insure all representatives of the firm are properly licensed in the states they transact business.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

Mid-Atlantic Securities, Inc. is effectively registered as a general securities broker-dealer. Trade errors may occur on occasion and may result in profit or loss to the firm. The firm has controls in place to limit such trade errors.

Certain individuals are separately licensed as insurance agents/brokers for various independent insurance companies. In their separate capacities as Registered Representatives of the broker-dealer or as independent

insurance agents, these individuals will be able to implement securities or insurance transactions for advisory clients for separate and typical compensation. These individuals may spend as much as 50% of their time with these aforementioned non-advisory activities. More information about an individual's activity is available the individual's Brochure Supplement (Part 2B of Form ADV).

For broker-dealer services, the Adviser or its associated persons receives compensation for such transactions, where such compensation is separate and distinct from the Adviser's compensation related to its investment advisory services. From time to time, associated persons of the Adviser may recommend that clients buy or sell securities or investment products that the Adviser also owns. In such circumstances, the Adviser shall adhere to the firm's Code of Ethics.

All clients are advised that broker-dealer services (including Private Placements and/or insurance) are separate from advisory services offered pursuant to this brochure, and advisors are compensated for making such recommendations. Clients are advised to carefully consider the conflicts disclosed above prior to engaging in such business.

Although we assist our clients in choosing a third party money manager on some platforms we are not compensated for the referral of clients to these third party money managers. We may, however, enter into solicitation agreements with other advisors where we are paid a referral fee. Please see Item 14 for more information.

Item 12 includes additional details regarding brokerage practices and related disclosures.

#### **Item 11 – Code of Ethics**

MAS 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 MAS must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of MAS may buy or sell securities that are recommended to clients. MAS's employees and persons associated with MAS are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of MAS and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for MAS's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of MAS 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 not materially interfere with the best interest of MAS's clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. 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. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between MAS and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with MAS's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. MAS will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry

of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

MAS's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Buffa Powell at our main number.

#### **Item 12 – Brokerage Practices**

MAS allows client directed brokerage services but MAS recommends that clients open brokerage accounts with one of the following broker-dealers:

1. Mid-Atlantic Securities, Inc. Member FINRA/SIPC
2. Raymond James Financial Services, Inc. Member FINRA/SIPC

Advisors may suggest Mid-Atlantic Securities broker-dealer services to clients. Factors for such recommendation would be when transaction compensation is seen as a benefit to the client. For broker-dealer services, the Adviser or its associated persons receives compensation for such transactions, where such compensation is separate and distinct from Adviser's compensation related to its investment advisory services. Commissions paid to MAS for broker-dealer services may be higher or lower than those obtainable from other brokers in return for those products and services. From time to time, associated persons of MAS recommend that clients buy or sell securities or investment products that the Adviser also owns. In such circumstances, Adviser shall adhere to the Code of Ethics.

MAS recommends that clients establish brokerage accounts with Raymond James, a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although MAS recommends that clients establish accounts at Raymond James, it is the client's decision to custody assets with Raymond James. MAS is independently owned and operated and not affiliated with Raymond James.

For MAS client accounts maintained in its custody, Raymond James generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Raymond James or that settle into Raymond James accounts. Raymond James makes products and services available to MAS that benefit MAS but may not directly benefit its clients' accounts. Many of these products and services are used to service all or a substantial number of MAS accounts. Some of these products and services provided by Raymond James includes software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple client accounts; (iii) provides research, pricing and other market data; (iv) facilitates payment of MAS fees from its clients' accounts; and (v) assists with back-office functions, recordkeeping and client reporting.

On occasion, when consistent with MAS's obligation of best execution MAS will aggregate orders for a client's account with orders for other MAS clients for whom the transaction is appropriate, even though the accounts are individually managed. If more than one price is paid for securities in an aggregated transaction, each client participating in the transaction will typically receive the average price paid. Although this averaging is aimed at treating all participating clients fairly, it may adversely affect the results for any particular participating client. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

#### **Item 13 – Review of Accounts**

Accounts are assigned to Investment Advisors who are responsible for performing periodic reviews and consulting with the respective client. Following these reviews, reports are prepared to assist principals in

supervising and monitoring the accounts. Factors that are considered include, but are not limited to the following: investment objectives, targeted allocation, current allocation, suitability, performance, number of trades, monthly distributions, concentrated positions, diversification, and outside holdings. Client agrees to inform the firm in writing of any material changes to the information included in the questionnaire or any other change in the client's financial circumstances that might affect the manner in which client's assets should be invested. Client may contact the firm during normal business hours to consult with the firm concerning the management of the client's account(s). All managed accounts are delivered at least quarterly written performance reports created by custodian. Item 15 contains information regarding the custody reports provided.

#### **Item 14 – Client Referrals and Other Compensation**

MAS does not directly or indirectly compensate any person who is not advisory personnel for client referrals. MAS has, however, entered into an agreement with another RIA to receive payment for client referrals. The solicitor's agreement entered into by MAS complies with SEC rule 206(4)-3 promulgated under the Investment Advisors Act of 1940. If a client is solicited by MAS, the other RIA will pay MAS a percentage of the management fees it collects as determined in the solicitor's agreement. A client who is solicited will receive an additional disclosure document specifically describing the arrangement and the compensation paid to the solicitor. MAS may enter into additional solicitor agreements in the future. If and when this occurs MAS will ensure that any such arrangement complies with SEC rule 206(4)-3 promulgated under the Investment Advisors Act of 1940.

#### **Item 15 – Custody**

MAS has constructive custody of client funds and securities due to the fact that we have the ability to deduct advisory fees from accounts. In accordance with custody rules, we will ensure that a qualified custodian maintains the account and that clients receive a quarterly account statement from the qualified custodian.

Clients should receive statements at least quarterly from Raymond James, the qualified custodian that holds and maintains your investment assets. MAS urges you to carefully review such statements.

MAS, through the Clearing Agent or its agent, will transmit to clients (and where appropriate to the applicable investment advisor) the following reports:

- ) trade confirmations reflecting all transactions in securities; provided, however, that periodic statements of account activity may be furnished in lieu of transaction by transaction confirmations to the extent and in the manner permitted by Rule 10b-10 under the Exchange Act; and
- ) a statement of account activity at least quarterly.

#### **Item 16 – Investment Discretion**

MAS usually receives 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. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Clients must authorize such discretion in the fully executed advisory agreement. When selecting securities and determining amounts, MAS observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to MAS in writing.

Each client has the ability to impose reasonable restrictions on the management of their account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. If a client's instructions are unreasonable, or MAS, or, if applicable, an



advisor believe that the instructions are inappropriate for the client, MAS will notify the client that unless the instructions are modified it may cancel the client's account. A client will not be able to provide instructions that prohibit or restrict the investment adviser of an open-end or closed-end mutual fund or ETF with respect to the purchase or sale of specific securities or types of securities within the mutual fund.

#### **Item 17 – Voting Client Securities**

MAS does not vote proxies. Clients can authorize in their Client agreements investment managers to vote proxy requests on their behalf. Please refer to the respective investment manager's Form ADV for a full disclosure of its proxy voting policies and procedures. Clients should contact their financial consultant if they have any questions and/or to obtain this information. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent.

#### **Item 18 – Financial Information**

Registered Investment Advisers are required to provide you with certain financial information or disclosures about MAS's financial condition. MAS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.

#### **Privacy Policy**

We collect nonpublic personal information about you from the following sources: Information we receive on applications, questionnaires, web site, or other forms and information about your transactions with our affiliates, others, or us. We do not disclose any non-public information about our current or former customers to anyone, except as permitted by law or in order to provide the current services. Our employees have limited access to your personal information based on their responsibilities to provide products or services to you. Be assured that we maintain physical, electronic and procedural safeguards in compliance with federal standards to protect your information.

If the representative servicing your account leaves us to join another firm, he/she is permitted to retain copies of your information so that he/ she can assist with the transfer of your account and continue to serve you at their new firm. "Opting-out" of Third Party Disclosures: If you do not want your account representative to retain copies of your client sensitive information when he/ she leaves us to join another firm, you may contact our Compliance Department by calling (919) 783-7787.