

DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 203-1

Part 2A of Form ADV: Firm Brochure



OFFICES OF CONVENIENCE

With Corporate Office Oversight

By Appointment Only
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Okatie, South Carolina 29909

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Firm IARD/CRD #: 147403

Martin D. Parlato & Associates, Inc.

REGISTERED INVESTMENT ADVISOR

Cover Page **ITEM 1**

This Disclosure Brochure provides information about the qualifications and business practices of Martin D. Parlato & Associates, Inc., which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Martin D. Parlato & Associates, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Martin D. Parlato & Associates, Inc. has attained a certain level of skill or training.

BROCHURE
DATED

23
December
2020



MATERIAL CHANGES

Martin D. Parlato & Associates, Inc., dba Lighthouse Retirement (“Lighthouse” or the “Firm”) has updated our ADV Part 2A Disclosure Brochure to reflect the following change(s):

- Item 4 - Advisory Business - Updated to: (i) disclose the Firm’s current assets under management as of December 16, 2020; (ii) remove reference with the Firm’s use of third-party advisers; and (iii) remove reference to the Firm’s provision of financial planning services.
- Item 5 - Fees and Compensation - Updated to: (i) provide additional disclosures concerning the Firm’s billing practices and methodologies; (ii) remove reference to third-party adviser fees as such is currently inapplicable; and (iii) remove reference to financial planning fees as such is currently inapplicable.
- Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss - Updated to provide additional information regarding the Firm’s investment strategies. Specifically, the Firm’s utilization of a concentrated portfolio investment strategy as well as the use of margin, options, leveraged ETFs and investment risks associated therewith.

Our previous version of Form ADV Part 2A was dated January 1, 2020. Pursuant to applicable regulation, Lighthouse will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of Lighthouse’s fiscal year-end. Additionally, as the Firm experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover. For more information about the firm, please contact us at (855) 378-3105.

Additional information about Lighthouse and its investment adviser representative is also available on the SEC’s website at www.adviserinfo.sec.gov.



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ADVISORY BUSINESS

Who We Are

Lighthouse Retirement¹ (hereinafter referred to as “the Company”, “we”, “us” and “our”) is a Florida-based investment advisory firm that provides investment supervisory services on a discretionary basis to certain clients described in Item 7 herein. The investment instruments we advise our clientele on include, but are not limited to, equity stocks, fixed income securities, bonds, exchange traded funds (“ETFs”), mutual funds, options and cash equivalent instruments. Please refer to Item 8 for additional information relating to the investment strategies pursued by our firm and their associated risks.

Lighthouse Retirement is the “doing-business-as” name for Martin D. Parlato & Associates, Inc. Lighthouse Retirement began as a Sole Proprietorship of Martin D. Parlato. In the fall of 2012, Martin D. Parlato & Associates, LLC was organized as a Florida Limited Liability Company and acquired all the assets of the existing advisory firm Martin D. Parlato, Sole Proprietorship. In March of 2017, Martin D. Parlato & Associates, LLC was converted to a corporation. Martin D. Parlato (“Ms. Parlato”) is the sole owner of the Company, and as such, is the control person for the Company.

What we Do

Investment Management Services

We provide discretionary investment advice and management to separately managed accounts on a continuous basis and in accordance with the investment objectives and strategies provided by the client. We typically hold a limited power of attorney to act on a discretionary basis with client funds. Our discretionary authority is subject to conditions or restrictions imposed by a client, such as when a client restricts or prohibits transactions in a particular security. Please refer to Item 16 for additional information.

Client managed account assets are typically invested and managed based on an investment portfolio of securities that appears to be most suitable to the Client’s investment objectives and strategy determined for those account assets. While we will customize the portfolio, for example to help ensure suitability and/or to incorporate Client restrictions, several Clients will be invested in the same or similar investment portfolios at any given time. To begin the process, we gather information from each client and establish an Investment Policy Statement (“IPS”). We utilize both in-person meetings and/or telephonic interviews with the clients to gather information in generating the IPS. Based upon information received from the client, we select appropriate investment opportunities and invests client assets in various types of securities including equity (“stock”) positions, exchange-traded funds (“ETFs”), investment company (“mutual funds”) products, and fixed income/debt (“bond”) instruments. At times, if deemed in the best interest of the client, we will also employ margin, options and/or leveraged and inverse ETFs on behalf of clients. We may also review and discuss a client’s prior investment history, as well as family composition and background. We may also provide additional advice which is investment advisory in nature (i.e., opinions relating to asset allocation, cash flow, risk management and various other financial issues).

You can find more information about our management services under “Investment Management”

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in Item 5, “Fees & Compensation” below and further description of our investment strategies under Item 8, “Methods of Analysis, Investment Strategies & Risk of Loss.”

Variable Annuity and Insurance Products

We also provide management services to clients owning variable annuity or life insurance products. From time to time, we will recommend no-load variable annuities from Nationwide Advisory Solutions (formerly Jefferson National) (“Nationwide”). In most instances, we are not involved in the decision-making process on which product the Client should purchase, and the Client generally makes this decision with their registered representative or the broker-dealer. After purchasing an insurance product, we can be engaged by the Client to manage proprietary investment strategies contained within the variable annuity product. Specifics regarding the annuity are found in the annuity prospectus and application documents. The Client should review the prospectus carefully before investing

Advisory Agreements

Information Received by Individual Clients

At the onset of the client relationship, we gather information on each client’s investment objectives, risk tolerance, time horizons and financial goals. We do not assume responsibility for the accuracy of the information provided by the client and are not obligated to verify any information received from the client or from any of the client’s other professionals (e.g., attorney, accountant, etc.). Under all circumstances, clients are responsible for promptly notifying us in writing of any material changes to the client’s objectives, risk tolerance, time horizon, and financial goals. In the event a client notifies us of any changes, we will review such changes and implement any necessary revisions to the client’s portfolio.

Client Agreements and Disclosures

Each client is required to enter into a written agreement with us setting forth the terms and conditions under which we will render our services (the “Agreement”). In accordance with applicable laws and regulations, we will provide our disclosure brochure (ADV Part 2A), brochure supplement (ADV Part 2B) and most recent Privacy Notice to each client prior to or contemporaneously with the execution of the Agreement. The Agreement between us and the client will continue in effect until terminated in writing by either party pursuant to the terms of the Agreement. Neither the Company nor the client may assign the Agreement without the prior consent of the other party. Transactions that do not result in a change of actual control or management of the Company shall not be considered an assignment.

Participation in Wrap Programs

We do not participate in any wrap programs at this time.

Assets Under Management

As of December 16, 2020, the following represents the amount of client assets under management by the Company on a discretionary and non-discretionary basis:

Discretionary Accounts.....	\$105,144,257
Non-Discretionary Accounts	\$0





FEES & COMPENSATION

ITEM 5

Investment Management Fees

Our typical fee for Investment Management Services is based upon a percentage of assets under management and are fixed at a rate that will vary by client up to 2.00% of assets under management. For the avoidance of doubt, the fixed rate is an absolute, agreed-upon amount and will not fluctuate up or down pursuant to a prescribed “break-point” schedule. The exact fee for each client is set forth in the client’s Agreement and is based on factors such as: client’s total assets under management; client’s financial complexity; and anticipated or requested frequency of client interaction.

Generally, pursuant to client instructions and consent, we will directly debit the client’s custodial accounts for fees related to Investment Management Services. Unless otherwise agreed upon as part of the client Agreement, management fees are billed in advance, at the beginning of each quarter, based upon the market value of assets under management within client’s custodial account (including cash and cash equivalents) based upon a 365-day count (i.e., for quarterly billing we divide by the number of days in the upcoming calendar quarter).

The fee structure outlined above will be used for all assets under management including assets managed at Nationwide (otherwise known as Jefferson National). However, for accounts held through Nationwide, we will not automatically debit the client’s account. Rather, Nationwide will conduct the billing in the client’s account, and remit to the firm our relevant fees.

New Accounts

The initial fee for Investment Management Services shall be based on the client’s accounts’ market value (including cash and cash equivalents) at the inception of our management (i.e., the date the account(s) is funded at the custodian) and shall be prorated for the number of days in the quarter that the account is under our management. Subsequent quarterly fees shall be assessed in accordance with the terms above.

New Money on Existing Accounts

Assets deposited into managed accounts between billing cycles **will be** subject to pro-rated partial billing procedures as outlined above. While we do not want to discourage clients from investing additional capital for their future; such deposits require modifications and adjustments to the client’s investment allocation and are considered managed assets as soon as they are funded at the custodian. Conversely, for assets clients may withdraw during the quarter, we **do not** make partial refunds of their fees. Just as with deposits, withdrawals from your portfolio will require modifications and adjustments to be made to correct the allocation of assets in the accounts.

At times, we will utilize margin in client accounts (please refer to Item 8 below for detailed information regarding the risks surrounding margin). When utilizing margin strategies as part of a client’s portfolio account, we use the “gross value” of the client’s margin account assets for determining fees. Thus, fees are charged on the amount of assets in the underlying client account, as well as the margin portion of the account. For example, in an account holding \$100K in equities, but \$25K is attributable to margin loan, the entire \$100K will be included when determining fees. This creates a conflict of interest in that we have an incentive to utilize margin accounts to receive additional fees. We mitigate this conflict of interest by disclosing it to clients as part of this Brochure and verbally prior to opening any margin accounts. Further, as part of our fiduciary duty to clients, we endeavor at all times to act in the client’s best interest, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client.





Advisory fees will typically be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees. Typically, unless instructed otherwise, each client account will be billed individually for its respective share of fees. However, we will at times disproportionately bill accounts for fees should such actions be necessary due to insufficient funds in any respective account, or if doing so is deemed to be in the best interest of a client.

Fees are negotiable and arrangements with any particular client can differ from those described above. Negotiated fees will be captured in and agreed upon by the client as part of the client's Agreement. In addition, for family and friends of the Company, we will at times, in our sole discretion, reduce or waive management fees in their entirety.

We may amend our standard fee schedule at any time by giving thirty (30) days advanced written notice to clients. Although we believe our Investment Management Fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

Fee Exclusions/Other Fees and Expenses

The above fees for our Investment Management Services are exclusive of any charges imposed by the custodial firm including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our services.

In addition, all fees paid to us for Investment Management Services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: redemption fees, account fees, and purchase fees may occur but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

Further, Nationwide typically imposes monthly and other fees for insurance and annuity products. We do not share in such fees, and those fees are paid directly to Nationwide.

Termination of Investment Management Services

Either party (you or us) may terminate our provision of advisory services at any time by issuing written notification to the other party. Such notification should include the date the termination will go into effect, along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity). In the event termination does not fall on the last day of a calendar quarter, **you shall be entitled to a pro-rated refund** of the prepaid quarterly management fee based upon the number of days remaining in the quarter after the termination notice goes into effect. However, as we utilize billing systems that are automated and require a date of termination in order to produce a pro-rata refund, you must provide written notification of termination with a prescribed termination date. **Once the termination of investment advisory services has been implemented, neither party has any obligation to the other** - we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

Additional Information Regarding Our Fees

Certain representatives of the Company serve as licensed insurance agents with unaffiliated, life, health and disability insurance companies. There are times when these representatives recommend the purchase of certain insurance products to our clients. Upon purchase, the





representative, in his or her capacity as an insurance agent, will receive normal and customary commissions. For a detailed description of these arrangements, please see Item 10 below.

PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

We do not charge fees based on a share of capital gains or the capital appreciation of the assets held in your accounts. Consequently, we do not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, we provide advisory services for a percentage of assets under management.

TYPES OF CLIENTS

ITEM 7

Description

We provide discretionary investment supervisory and management services on a continuous basis to individuals, high net worth individuals, charitable organization, foundation or endowment, and corporations and/or small business.

Conditions for Managing Accounts

The Firm generally requires a minimum initial investment of \$100,000 to open an account, which could be negotiable by the Company in its sole discretion. However, we reserve the right to accept or decline a potential client for any reason in our sole discretion. Prior to engaging us to provide any of the investment advisory services described in this Brochure, the client will be required to enter into one or more written Agreements with us setting forth the terms and conditions under which we shall render our services.

There are times when certain restrictions are placed by a client, which prevents us from accepting or continuing to manage the account. We reserve the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions which would limit or prevent us from meeting and/or maintaining our overall investment strategy.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

Portfolio Management - Methods of Analysis, Investment Strategies & Managing Risk

Our firm mainly uses fundamental research in formulating investment advice and managing assets, combined with asset allocation, and other strategies. For any particular account, we may also use various quantitative or technical methods, either separately or in conjunction with fundamental research, and we may use strategies involving short sales, margin, borrowing or other leverage, options or other derivatives, and arbitrage. These investment vehicles bring on a different risk dynamic. If we recommend investment in one of these securities, we will discuss with you the limitations of such security and the potential risk factors to your portfolio.

FUNDAMENTAL ANALYSIS

Fundamental analysis considers: economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-





earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

QUANTITATIVE ANALYSIS

Quantitative analysis seeks to understand the behavior of a security using mathematical and statistical modeling to measure certain unique characteristics such as, for example, revenues, earnings, margins, and market share. Mathematical and statistical modeling helps us to ascertain security price and risk to ultimately help identify profitable opportunities.

TECHNICAL ANALYSIS

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.

Investment Strategies

We are not bound to a specific investment strategy or ideology for the management of your investment portfolio. Our goal is to balance making and earning money by maintaining a disciplined management approach. However, we typically employ a “concentrated portfolio” investment strategy on behalf of clients. There are risks associated with investing in securities. Investing in stocks, bonds, exchange traded funds, mutual funds, options, and money market funds involve risk of loss. An investment utilizing our investment methodology involves risks, including the risk of loss of a substantial portion (or all) of the amount invested. There is no assurance that our investment process will consistently lead to successful results.

Our primary investment strategy employs a “concentrated portfolio” approach whereby the portfolio is designed to invest in relatively fewer holdings or sectors than compared to other more diversified portfolios. As such, this investment strategy bears additional risk because it is not diversified among security types, profiles, or sectors. Changes in the value of over-weighted security positions will have a much more substantial directional effect, either negative or positive, on the portfolio’s performance making the strategy more volatile than strategies that diversify among a broad range of securities and sectors, and may be more susceptible to adverse economic, political, regulatory or market developments affecting a single issuer.

RESEARCH TOOLS

To help develop our investment recommendations, we may use commercially available information services and financial publications dealing with investment research. Such information may be obtainable in print, via the internet or by some other means. Issuer-prepared materials (particularly prospectuses) and research releases prepared by third parties are also utilized. We also may use research materials prepared by various investment product vendors or custodians. We may also obtain information by meeting with management, customers or competitors, attending industry conferences and consulting with experts in the appropriate field.

Managing Risk

The biggest risk to you is the risk that the value of your investment portfolio will decrease due to moves in the market. This risk is referred to as the market risk factor, also known as variability or volatility risk. Other important risk factors:

- ❖ **Interest Rate Risk** - Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Equity Risk** - Equity risk is the risk that the value of your stocks will depreciate due





to stock market dynamics causing one to lose money.

- ❖ **Inflation Risk** - The reduction of purchasing power of investments over time.
- ❖ **Fixed Income Risk** - When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ❖ **Reinvestment Risk** - The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments may be invested at lower rates; during periods of rising rates, bond payments may be invested at higher rates.
- ❖ **Management Risk** - Client's investment with the Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- ❖ **Opportunity Cost Risk** - The risk that an investor may forego profits or returns from other investments.
- ❖ **Derivatives Risk** - Derivatives are types of investments where the investor does not own the underlying asset. There are many different types of derivative instruments, including, but not limited to, options, swaps, futures, and forward contracts. Derivatives have numerous uses as well as various risks associated with them, but they are generally considered an alternative way to participate in the market. Investors typically use derivatives for three reasons: to hedge a position, to increase leverage, or to speculate on an asset's movement. Some ETFs use derivatives, such as swaps, options and futures, among others. Derivative instruments may be illiquid, difficult to value and leveraged so that small changes can produce disproportionate losses to a client. Over-the-counter derivatives, such as swaps, are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. Losses from investments in derivatives can result from a lack of correlation between the value of those derivatives and the value of the underlying asset or index. In addition, there is a risk that the performance of the derivatives or other instruments used by ETFs to replicate the performance of a particular asset or asset class may not accurately track the performance of that asset or asset class.
- ❖ **Margin Risk** - When purchasing securities, the securities may be paid for in full, or it is possible to borrow part of the purchase price from the client's account custodian or clearing firm. If borrowing funds in connection with the client account, the client will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to the client. If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in the account. The brokerage firm may issue a margin call and/or sell other assets in your account. It is important that each client fully understand the risks involved in trading securities on margin, which are applicable to any margin account that clients maintain. These risks include the following: (i) the client can lose more funds than deposited in the margin account; (ii) the account custodian or clearing firm can force the sale of securities or other assets in the account; (iii) the account custodian or clearing firm can sell the client's securities or other assets without contacting the client; (iv) the client is not entitled to choose which securities or other assets in the margin account may be liquidated or sold to meet a margin call; (v) the account custodian or clearing firm may move securities held in a cash account to the margin account and pledge the transferred securities; (vi) the account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide the client advance written notice; and/or (vii) the client is not entitled to an extension of time on a margin call.





- ❖ **Leverage Risk** - Leverage (borrowing) may be used in investment and trading, generally through purchasing inherently leveraged instruments, such as certain ETFs. The prices of leveraged instruments can be highly volatile, and investments in leveraged instruments may, under certain circumstances, result in losses that exceed the amounts invested. Borrowing magnifies the potential for losses and exposes the client to interest expense on money borrowed. Leveraged ETFs and derivatives will amplify losses because they are designed to produce returns that are a multiple of the equity index to which they are linked.
- ❖ **Mutual Funds and Exchange Traded Funds ("ETFs") Risk** - Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds or ETFs, derivatives and other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. This results in mutual funds and ETFs being subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of the investment strategy will be higher than the cost of investing directly in a mutual fund and/or ETFs. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors. ETFs can also be subject to tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of the its underlying index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their underlying indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its underlying index, or its weighting of investment exposure to such securities may vary from that of the underlying index. Some ETFs may invest in securities or financial instruments that are not included in the underlying index, but which are expected to yield similar performance.
- ❖ **Leveraged and Inverse ETF Risk** - A leveraged ETF generally seeks to deliver multiples of the daily performance of the index or benchmark that it tracks.² An inverse ETF generally seeks to deliver the opposite of the daily performance of the index or benchmark that it tracks. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Some ETFs are both inverse and leveraged, meaning that they seek a return that is a multiple of the inverse performance of the underlying index. To accomplish their objectives, leveraged and inverse ETFs use a range of investment strategies, including swaps, futures contracts and other derivative instruments. Leveraged, inverse, and leveraged inverse ETFs are more volatile and riskier than traditional

² For example: A 2X fund will have a multiplier of two times (2x) the Index. A single day movement in the Index approaching 50% at any point in the day could result in the total loss of a shareholder's investment if that movement is contrary to the investment objective of the leveraged ETF, even if the Index subsequently moves in an opposite direction, eliminating all or a portion of the earlier movement. This would be the case with any such single day movements in the Index, even if the Index maintains a level greater than zero at all times.





- ETFs due to their exposure to leverage and derivatives, particularly total return swaps and futures. At times, the Firm will recommend leveraged and/or inversed ETFs, which may amplify gains and losses.
- ❖ **Risks Associated with Holding Leveraged and/or Inverse ETFs for an Extended Period of Time** - Most leveraged ETFs are typically designed to achieve their desired exposure on a daily (in a few cases, monthly) basis, and reset their leverage daily. A "single day" is measured from the time the leveraged ETF calculates its net asset value ("NAV") to the time of the leveraged ETF's next NAV calculation. The return of the L-ETF for periods longer than a single day will be the result of each day's returns compounded over the period. Due to the effect of this mathematical compounding, their performance over longer periods of time can differ significantly from the performance (or inverse performance) of their underlying index or benchmark during the same period of time. For periods longer than a single day, the leveraged ETF will lose money when the level of the Index is flat, and it is possible that the leveraged ETF will lose money even if the level of the Index rises. Longer holding periods, higher index volatility and greater leverage all exacerbate the impact of compounding on an investor's returns. During periods of higher Index volatility, the volatility of the Index may affect the leveraged ETF's return as much as or more than the return of the Index itself. Therefore, holding leveraged, inverse, and leveraged inverse ETFs for longer periods of time increases their risk due to the effects of compounding and the inherent difficulty in market timing. Leveraged ETFs are riskier than similarly benchmarked ETFs that do not use leverage. Non-traditional ETFs are volatile and not suitable for all investors. Positions in non-traditional ETFs should be monitored closely due to their volatile nature and inability to track the underlying index over an extended period of time.
 - ❖ **Options Risk** - An option is a contract to buy or sell a specific financial product officially known as the option's underlying instrument or underlying interest. For equity options, the underlying instrument is a stock, exchange-traded fund (ETF), or similar product. The contract itself is very precise. It establishes a specific price, called the strike price, at which the contract may be exercised, or acted on. It also has an expiration date. When an option expires, it no longer has value and no longer exists. Options come in two varieties, calls and puts, and you can buy or sell either type. Call contracts will expire worthless if the underlying security closes below the strike price on expiration. Put contracts will expire worthless if the underlying security closes above the strike price on expiration. Selling a covered call may limit the upside if the underlying security closes above the strike price on expiration. Special tax rules may apply, depending on the outcome. Prior to buying or selling an option, a person must read *Characteristics and Risks of Standardized Options*. Copies of this document may be obtained from us, from any exchange on which options are traded, on the web at <http://www.optionsclearing.com/components/docs/riskstoc.pdf> or by contacting The Options Clearing Corporation, One North Wacker Dr., Suite 500, Chicago, IL 60606 (1-888-678-4667). In no event will the Company engage in "naked" option writing, which is the most speculative form of trading.

The risk factors we have cited here are not intended to be an exhaustive list, but are the most common risks your portfolio will encounter. Other risks that we haven't defined could be political, over-concentration, and liquidity to name a few. However notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of your investment portfolio, **investing in a security involves a risk of loss that you should be willing and prepared to bear; and furthermore, past market performance is no guarantee that you will see equal or better future returns on your investment.**





DISCIPLINARY INFORMATION

ITEM 9

We are required to disclose disciplinary events that may be material for your evaluation of our advisory practices; therefore, pursuant to Item 9.B. of the Form ADV Part 2A: Firm Brochure, question 9.B.2.(d) asks that we disclose:

“An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority imposing a civil money penalty of more than \$2,500 on your firm or a management person.”

Martin D. Parlato entered into a Stipulation and Consent Agreement dated September 13, 2012 with the State of Florida, Office of Financial Regulation (the “Office”) for violations to Chapter 517 of the Florida Statutes and the 69W-600 Rules of the Florida Administrative Code. The findings were the result of an on-site examination conducted by the Office after Mr. Parlato, in the course of his own internal compliance review performed on his advisory practice in April of 2012, found that he had not paid his 2012 registration renewal to the Office when required in December 2011 due to an illness that kept him from work. The findings by the Officer were as follows: (i) operating without lawful registration; (ii) misleading advertisements; (iii) failing to provide fee invoices resulting in violation of the custody and safeguarding rules; (iv) failing to offer pro-rata refunds of quarterly advisory fees; and, (v) charging unreasonable fees in the form of “start-up” fees. In settlement of these matters, we agreed to a fine of \$18,500, which was paid in full pursuant to the terms offered. No further action has been taken by OFR and the Company is operating in good standing.

OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

Insurance Company Activities & Affiliations

All of our supervised persons are licensed as resident life, health, and annuity insurance agents by the State of Florida and may be licensed as non-resident agents in other states. Each agent is licensed to sell insurance-related products and earn commissions from the sale of these products. There are times when our representatives will recommend the purchase of certain insurance products to our clients. Upon purchase, the respective representative, in his or her capacity as registered insurance agent, will receive normal and customary commission. A conflict of interest exists because the representatives have an incentive to make recommendations based on the compensation received rather than on a client’s needs. We have adopted certain procedures designed to mitigate the effects of these conflicts. As part of our fiduciary duty to clients, the Company and our representative’s endeavor at all times to act in the client’s best interest, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients through the Company’s Brochure, Brochure Supplements, the client Agreement and/or verbally prior to or at the time of entering into an agreement with us. Clients always have the right to decide whether to implement any recommended insurance transactions. Should the client choose to do so, the client always has the right to choose the professional in which to do so. Our clients should understand that lower fees and/or commissions for comparable services may be available from other sources.

More information about our supervised persons who offer investment advisory and insurance activities can be found in individual “Brochure Supplements.”





We have entered into a relationship with Nationwide, an unaffiliated advisory and broker-dealer firm, to facilitate investment advice for annuity and insurance products held by clients. In this relationship, we will contract directly with both Nationwide as well as clients of Nationwide when performing services on their behalf. While we do not receive commissions for the implementation and oversight of commissionable securities, we do receive an advisory fee for the ongoing oversight and general investment advice on behalf of the client. Please see Items 4 and 5 above for additional information.

Neither the Company, nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity pool trading advisor or an associated person of the foregoing entities.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

ITEM 11

Code of Ethics

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

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

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

Client Transactions

We have a fiduciary duty to ensure that your welfare is not subordinated to our interests or to any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

Participation or Interest

It is against our policies for any owners, officers, directors and employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by our **Chief Compliance Officer, Martin D. Parlato**, and such investment is not in violation of any SEC and/or state rules and regulations.

Further, it is our policy not to enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and





for another person on the other side of the transaction.

Class Action Policy

The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

Personal Trading

Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee's account. In these situations we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative (RA), or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Our **Chief Compliance Officer, Martin D. Parlato** reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Bunched orders (See "Aggregating Trade Orders" below under Item 12, "**Brokerage Practices**") may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by our **Mr. Parlato**, to ensure that such activities do not impact your security or create a conflict of interest.

BROKERAGE PRACTICES

ITEM 12

Custodial Services

The Company does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard client assets and authorize us to direct trades to the Custodian as agreed upon in the client Agreement. Furthermore, we do not have the discretionary authority to negotiate commissions on behalf of clients on a trade-by-trade basis. While we do not exercise discretion over the selection of the Custodian, we recommend the Custodian to clients for custody and execution services. Clients are not obligated to use the Custodian recommended by us, however, we may be limited in the services we can provide if the recommended Custodian is not engaged. The Company typically recommends that Clients establish their account[s] with one or more of the following financial institutions:





- ❖ **Charles Schwab & Co., Inc. (“Schwab”)** - Schwab is a FINRA-registered broker-dealer and member SIPC.
- ❖ **Interactive Brokers, LLC (“IB”)** - Interactive Brokers is a licensed broker-dealer (member NYSE/FINRA/SIPC), through their institutional division for investment advisors.
- ❖ **FOLIOfn Investments, Inc. (“FOLIOfn”)** - FOLIOfn is a registered broker-dealer (member FINRA/SIPC), offering custodial services through its FOLIO Institutional division to investment advisors.

Schwab, IB and FOLIOfn offer us services, which include custody of securities, trade execution, clearance and settlement of transactions.

Our recommendation for you to custody your assets with or more of these financial institutions has no direct correlation to the services we receive and the investment advice we offer you, although **we do receive economic benefits for which we do not have to pay** through our relationship with these institutions that are typically not available to retail clients. This creates an incentive for us to recommend Schwab, IB and/or FOLIOfn based on the economic benefits we receive rather than on your interest in receiving most favorable execution. These economic benefits include, but are not limited to, the following products and services provided without cost or at a discount:

- ❖ Receipt of duplicate client statements and confirmations;
- ❖ Research related products and tools and consulting services;
- ❖ Access to a dedicated trading desk;
- ❖ Access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts);
- ❖ The ability to have advisory fees deducted directly from accounts;
- ❖ Access to an electronic communications network for order entry and account information; and,
- ❖ Access to mutual funds and ETFs with no transaction fees and to certain institutional money managers.

We are not a subsidiary of, or an affiliated entity of, Schwab, IB and FOLIOfn. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from these financial institutions.

Direction of Transactions and Commission Rates (Best Execution)

We have a fiduciary duty to put your interests before our own. The advisory support services we receive from Schwab, IB and FOLIOfn creates an economic benefit to us and a conflict of interest to you; in that, our recommendation to custody your account(s) with one of these financial institutions have been influenced by these arrangements/services. **Factors considered in selecting these institutions as our recommended custodian of choice include:**

1. Their competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. Their general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience in working with the staff for each financial institution.

Since we do not recommend, suggest, or make available a selection of custodians other than Schwab, IB and FOLIOfn, best execution may not always be achieved. Therefore, you do not have to accept our recommendation to use these financial institutions as your Custodian. However, if you direct us to use another custodian, you should understand that: (1) we generally do not negotiate specific brokerage commission rates with the broker/custodian on client's behalf, or





seek better execution services or prices from other broker/dealers and, as a result, you could end up paying higher commissions and/or receive less favorable net prices on transactions for your account than might otherwise be the case; and (2) transactions for that account generally will be effected independently unless we are able to purchase or sell the same security for several clients at approximately the same time (i.e., aggregate trades), in which case we will include such client's transaction with that of other clients for execution by the same broker. If transactions are not able to be traded as a block, we will have to enter the transactions for the client's account after orders for other clients, with the result that market movements could work against the client. Therefore, prior to directing us to use a specific broker-dealer, you should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Subject to our objective to achieve best execution, we reserve the right to decline a client's request to engage in directed brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker dealers.

Aggregating Trade Orders

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as "best execution") for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and, (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** - The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

REVIEW OF ACCOUNTS

ITEM 13

Portfolio Management Reviews

Each account is reviewed on an ongoing basis by the supervised person over your account to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary.

In addition to the periodic reviews described above, reviews can be triggered by changes in a client's personal, tax or financial status. Account holdings also are reviewed when changing market conditions warrant such review. Clients are encouraged to notify the Company of any changes in their personal financial situation that might affect their investment needs, objectives, or time horizon.

You will receive, at least quarterly, statements from custodian/broker where your account is custodied. You are encouraged to review each statement which summarizes the specific investments held, the value of your portfolio, and account transactions.





You are also encouraged to review with us investment strategies and account performance on an annual basis. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, **it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.**

CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

Referral Compensation

We do not receive any economic benefit from an independent party for managing your account(s). In addition, we do not compensate persons/firms for client referrals.

Other Compensation (Indirect Benefit)

As discussed under Item 12, we receive “soft dollar” benefits whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist us in our investment decision-making process. The receipt of such services are deemed to be the receipt of an economic benefit by the Company, and although customary, these arrangements give rise to conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client’s interest in receiving most favorable execution. See “Custodial Services” above under Item 12, “**Brokerage Practices**” for more detailed information on these services and products.

Additionally, as mentioned above, certain representatives have outside business activities that provide additional compensation. Please refer to Items 5 and 10 above, and/or the respective representative’s Form ADV Part 2B, for detailed information regarding these business activities, the compensation received, the related conflicts and how we seek to mitigate such conflicts.

CUSTODY

ITEM 15

Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities, but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities shall be maintained with one of the custodians listed above in Item 12, “**Brokerage Practices.**”

We are however defined as having custody since you have authorized us to deduct our advisory fees directly from your account as part of the client Agreement. Accordingly, we have implemented the following regulatory safeguards:

- ❖ We report to the regulatory authority (the Florida Office of Financial Regulation) having jurisdiction over our advisory practice that we have custody.
- ❖ Your funds and securities will be maintained with a qualified custodian in a separate account in your name.
- ❖ Authorization to withdrawal our management fees directly from your account will be approved by you when engaging for services.
- ❖ At the time we notify the qualified custodian to withdrawal our quarterly fee from your account, we will send you a quarterly notice itemizing our fee. Itemization includes the formula used to calculate our fee, the amount of assets under





management the fee is based on, and the time period covered by the fee.

The custodian who will have custody of your account is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. **You are encouraged to compare the financial data contained in our report and/or itemized fee notice with the financial information disclosed in your account statement from the custodian to verify the accuracy and correctness of our reporting.**

INVESTMENT DISCRETION

ITEM 16

We have you complete our client Agreement which authorizes us to exercise full discretionary authority with respect to all investment transactions in your managed account(s). Specifically, this limited power of attorney grants us trading authority over (1) which securities are to be bought or sold in your accounts; (2) the amount of securities to be bought or sold in your accounts; and (3) when transactions are made. This means we do not have to obtain prior consent from you when investing your assets.

You may, at anytime, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.). In addition, our authority to trade securities could be limited in certain circumstances by applicable legal and regulatory requirements.

VOTING CLIENT SECURITIES

ITEM 17

We do not vote client proxies. You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in your managed accounts. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision.

However, if you have specific questions regarding an action being solicited by the proxy that you do not understand or you want clarification, you may contact us and we will explain the particulars. Keep in mind we will not advise you in a direction to vote, that ultimate decision will be left to you.

FINANCIAL INFORMATION

ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$500.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

END OF DISCLOSURE BROCHURE



FORM ADV: PART 2B

BROCHURE SUPPLEMENT



Martin D. Parlato & Associates, Inc.

Corporate Offices

Mailing Address & Primary Location

601 21st Street, #300
Vero Beach, Florida 32960
772.299.7169

Toll Free: 855.378.3105
www.lighthouseretirement.com

Offices of Convenience

With Corporate Office Oversight

By Appointment Only

Rialto Office Center
100 Rialto Place, Suite 700
Melbourne, Florida 32901
321.441.3324

North Carolina
110 Traders Cross, 1st Floor
Okatie, South Carolina 29909

Ponte Vedra Beach
822 N. A1A Highway, Suite 310
Jacksonville, Florida 32256
904.234.8080

Bartram Park
12724 Gran Bay Parkway West
BeeLine Building, Suite 410
Jacksonville, Florida 32258
904.234.8080

Savannah
100 Bull Street, Suite 200
Savannah, Georgia 31401
912.963.1665

SUPERVISION

Martin D. Parlato

Chief Compliance Officer

Phone:

772.299.7169

e-Mail:

mdp@lighthouseretirement.com

Mr. Parlato is responsible for the regulatory oversight of our advisory practice - ensuring that we are operating in compliance with our written policies and procedures.

His other responsibilities include, but are not limited to, managing investment activities, preparing financial plans, and meeting with clients to discuss their investment options.

BROCHURE SUPPLEMENT
DATED

1

November
2020

This Brochure Supplement provides information about Martin D. Parlato that is an accompaniment to the Disclosure Brochure for our firm, Martin D. Parlato & Associates, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Parlato, you are welcome to contact us - our contact information is listed to the left.

Additional information about Martin D. Parlato & Associates, Inc. and Martin D. Parlato are also available on the SEC's website at www.adviserinfo.sec.gov.

Martin D. Parlato

CRD#: 4556365

Year of Birth: 1953

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1981 - University of North Florida: Bachelor of Science in Political Science

Licenses

FINRA Exams: Series 7 - General Securities Representative Examination (Retired)
Series 65 - Uniform Investment Advisor Law Examination (Active)

Insurance: 2-15 License - Florida Life, Health & Variable Annuity Insurance (Active)

Business Background

03/2017 - Present Martin D. Parlato & Associates, Inc. dba Lighthouse Retirement
Position: Managing Member & Chief Compliance Officer

10/2012 - 03/2017 Martin D. Parlato & Associates, LLC dba Lighthouse Retirement
Position: Managing Member & Chief Compliance Officer

06/2008 - 05/2012 Martin D. Parlato & Associates dba Lighthouse Retirement
Position: Sole Proprietor & Chief Compliance Officer

04/2003 - 06/2008 Kovack Securities, Inc.
Position: Registered Representative

06/2002 - 04/2003 Lincoln Financial Advisors Corporation
Position: Financial Advisor

DISCIPLINARY INFORMATION

Mr. Parlato is required to disclose disciplinary events that are material to your evaluation of his advisory practice. In the course of an internal compliance review in April of 2012, Martin D. Parlato found that he had not paid his 2012 registration renewal to the State of Florida, Office of Financial Regulation (the "Office") when required in December 2011. Upon this finding, Mr. Parlato immediately self-reported to the Office that he had overlooked this requirement due to an illness that kept him from work. As a result of this unintentional omission, the Office conducted an on-site examination to perform a complete audit of our advisory practice. Mr. Parlato entered into a Stipulation and Consent Agreement dated September 13, 2012 with the State of Florida, Office of Financial Regulation (the "Office") for violations to Chapter 517 of the Florida Statutes and the 69W-600 Rules of the Florida Administrative Code. In settlement of these matters, we agreed to a fine of \$18,500, which was paid in full pursuant to the terms offered. No further action was required, and our firm is in good standing.

OTHER BUSINESS ACTIVITIES

Mr. Parlato is a licensed insurance agent to sell insurance products. This can create a conflict of interest when recommending for a fee, through a financial plan, that you purchase insurance that he can also earn a commission. In addition, there are also potential conflicts of interest when Mr. Parlato suggests the need for outside consultations and professional services (i.e., attorneys or accountants, etc.) to implement certain aspects of an estate or financial plan. Even though he does not share in any fees earned by the outside professionals when implementing an estate or financial plan, it does create an incentive for him to refer your business to only those entities that in turn refer potential clients to him.

In both cases, there is potential for divided loyalty and the objectivity of the advice we render could be subjective and create a disadvantage to you. Therefore, to ensure you understand the choices and risks you have in receiving financial planning along with all other investment recommendations, the following disclosures are provided to assist you with your decisions:

- You are under no obligation to have any related parties that we recommend prepare planning documents (i.e., estate, tax, etc...). You are free to choose those outside professionals to implement the recommendations made in the financial or estate plan.
- You are under no obligation to accept Mr. Parlato's recommendation to purchase any insurance products. You are free to choose any independent insurance agent and insurance company to purchase your insurance. Regardless of the insurance agent from whom you select to purchase your insurance, he/she will earn the normal commission from the sale.



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Martin D. Parlato & Associates, Inc.

Continuation of Information for:

Martin D. Parlato

CRD#: 4556365

Year of Birth: 1953

CONTINUATION OF OTHER BUSINESS ACTIVITIES

- Since Mr. Parlato only offers financial products from those insurance companies in which he is appointed, such recommendations are limited to that pool of products. Therefore, it is possible that you might be able to independently get a quote from another insurance carrier for a similar insurance product that offers equivalent or better insurance coverage with a lower deductible.

Notwithstanding such potential conflicts of interest, Martin D. Parlato & Associates, Inc. strives to act in your best interest and ensure disclosure is properly made to you in compliance with the Investment Advisor Act of 1940, Rule 275.206.

ADDITIONAL COMPENSATION

Mr. Parlato does not receive any economic benefit, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.

SUPERVISION

As the Company's founder, chief executive officer and chief compliance officer, Mr. Parlato is responsible for all investment advice given to the firm's clients. Mr. Parlato may be contacted at 855.378.3105.



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