

# **Diversified Private Wealth Advisors, Inc.**

---

**200 Parkway Drive South, Suite 200  
Hauppauge, New York 11788  
Tel (516) 785-1800  
Fax (518) 657-3149**

**500 N. Broadway, Ste. 238  
Jericho, New York 11753 Tel (516) 349-5555  
Fax (516) 349-7471**

<http://www.diversifiedprivatewealth.com/>

## **Disclosure Brochure**

**March 30, 2020**

This brochure provides information about the qualifications and business practices of Diversified Private Wealth Advisors, Inc. ("DPWA"). If you have any questions about the contents of this brochure, please contact us at 516-785-1800 or [tkatovitz@lebenthal.com](mailto:tkatovitz@lebenthal.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

DPWA is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser are intended to provide you with information to assist in your determination as to whether or not to retain the services of that investment adviser.

Additional information about DPWA also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Summary of Material Changes

Diversified Private Wealth Advisors, Inc. ("DPWA, we, our, ours") will provide our disclosure brochure ("brochure") to you when we enter into an advisory agreement with you. Our brochure will be updated no less than annually. Within 120 days of our fiscal year end we will deliver a summary of material changes which have been made to our brochure since its last annual update. This summary will include information about how you may obtain an updated brochure at no charge, and it will include the date of the last annual update. We will provide updated disclosure information about material changes more frequently as needed.

DPWA has made the following material changes since our last annual brochure dated March 27, 2019:

- Item 4: Updated to reflect that effective June 30, 2019, DPWA will limit our investment advisory services to Qualified Retirement Plan Services and portfolio management to investment advisers. On July 1, 2019, all other client accounts will transfer to our affiliate, Lebenthal Global Advisors, LLC ("LGA"). Going forward, DPWA will provide portfolio management to transferred accounts as a sub-advisor to LGA.
- Items 4 and 5: Updated to reflect addition of Sub-Advisory Asset Management Services and related fees.
- Item 12: Updated to reflect that we recommend the custodial services of Mid Atlantic Capital Corporation.

A copy of our current brochure may be requested by contacting Thomas Katovitz at (516)785-1800 or [tkatovitz@lebenthal.com](mailto:tkatovitz@lebenthal.com). We will provide you with a copy of our current brochure at any time without charge.

Information about your Advisory Representative may be found in the supplements to our brochure.

*Diversified Private Wealth Advisors, Inc.  
CRD Number 167243  
SEC No. 801-77960*

## **Item 3 Table of Contents**

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes	Page 2
Item 3 Table of Contents	Page 3
Item 4 Advisory Business	Page 4
Qualified Retirement Plan Services	Page 5
Assets Under Management	Page 5
Item 5 Fees and Compensation	Page 5
Item 6 Performance-Based Fees and Side-By-Side Management	Page 7
Item 7 Types of Clients	Page 8
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 8
Risks	Page 9

## **Item 4 Advisory Business**

Diversified Private Wealth Advisors, Inc. ("DPWA", we, us, our, ours), located in Hauppauge and Jericho, New York, is a corporation formed in 2011 under the laws of New York. Dominick Tavella is the President and principal owner. DPWA is registered as an investment adviser with the SEC.

Our services include:

- Sub-Advisory Asset Management Services
- Qualified Retirement Plan Services

Effective June 30, 2019, DPWA limited our investment advisory services to Qualified Retirement Plan Services and portfolio management for investment advisers ("SubAdvisory Asset Management Services"). On July 1, 2019, all legacy client accounts transfer to our affiliate, Lebenthal Global Advisors, LLC ("LGA"). Going forward, DPWA will continue to provide portfolio management services to these transferred accounts as a sub-advisor to LGA.

### **Sub-Advisory Asset Management Services**

DPWA offers sub-advisory services to affiliated and unaffiliated third party money managers (the "Primary Investment Adviser"). As part of these services, we will manage assets delegated to our firm by the Primary Investment Adviser. While we are responsible for the overall management of the assets delegated to our firm, we will not communicate investment recommendations or selections directly to the Primary Investment Adviser's individual clients (the "Client" or the "Investor").

### ***Discretionary Portfolio Management Services***

Our sub-advisory services include discretionary portfolio management services. Our investment advice and strategies are tailored to meet each Investor's needs and investment objectives. In order to provide tailored services, we rely on the Primary Investment Adviser to provide us with each Investor's investment objectives, risk tolerance, and other relevant information that will assist us in developing a strategy that enables our firm to provide continuous and focused investment advice and/or to make investments on the Investor's behalf.

As part of our portfolio management services, we may customize an investment portfolio for the Investor in accordance with their risk tolerance and investing objectives. We may also invest the assets according to one or more model portfolios or strategies developed by our firm. Once we construct an investment portfolio for the Investor, or select a model portfolio, we will monitor the portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and or upon notice from the Primary Investment Adviser of any changes in Investor's financial circumstances.

Primary Investment Advisers that utilize our discretionary portfolio management services will be required to grant us discretionary authority to manage the Investor's account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on the Investor's behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining the Primary Investment Advisers' or the Investor's approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for the Investor's account) by providing our firm with your restrictions and guidelines in writing.

As referenced above, we may invest Investor assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Assets that are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of

securities that can be purchased in the model. Nonetheless, the Primary Investment Adviser may impose restrictions on investing in certain securities or types of securities in the Investor's account. In such cases, this may prevent us from investing in certain models that are managed by our firm.

### **Qualified Retirement Plan Services**

DPWA provides portfolio management services to sponsors of qualified retirement plans. These services are offered on both a discretionary and non-discretionary basis. We also provide these services on a wrap fee basis, which is more fully described in our *Diversified Asset Management Program Brochure*, a copy of which is available upon request.

We do not manage wrap fee accounts in a manner that differs from how we manage non-wrap fee accounts. The Advisory Representative will work with the plan sponsor accordingly under the terms of the advisory agreement. As part of those services, the Advisory Representative will also provide education and investment advice to qualified plan participants upon request.

DPWA also provides the following services to sponsors and participants of qualified retirement plans:

### **ERISA 3(38) Portfolio Management Services**

Under this arrangement, DPWA manages "model portfolios" which are unitized and offered as investment alternatives to participants of qualified retirement plans. DPWA does not charge any portfolio management fees for this service. These model portfolios are typically only offered in conjunction with one of the fiduciary services described below.

### **ERISA 3(38) Fiduciary Investment Advisory Services**

Under this arrangement, DPWA enters into an agreement with the qualified plan sponsor under which DPWA will have full discretion over the selection, monitoring and replacement of investments at the plan level. DPWA also provides participant education and investment advice (for no additional fee) but does not have discretion over the investment selection at the participant level.

### **ERISA 3(21) Fiduciary Investment Advisory Services:**

Under this arrangement, DPWA acknowledges a fiduciary role in the investment decision making process but does not have discretion over the selection or replacement. Such authority remains with the plan sponsor. DPWA also provides participant education and investment advice (for no additional fee) and does not have discretion over the investment selection at the participant level.

### **Assets Under Management**

As of January 1, 2020 we managed \$423,381,000 in client assets on a discretionary basis and \$19,790,600 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Our services are offered on a fee only basis. Fees for our wrap fee program are described in the *Diversified Asset Management Program Brochure*, which is available upon request.

### **Fees for Sub-Advisory Asset Management Services**

Each account will be charged an asset-based fee ("Advisory Fee") in advance on a quarterly basis. DPWA's Advisory Fee for portfolio management ranges from 0.00 to 2.00%. The Advisory Fee will be calculated based on the value of the assets in the account on the last day of the previous quarter, as determined by the account custodian. The Advisory Fee is subject to negotiation between DPWA and the Primary Advisor. The actual fee rates charged will be set forth in the client's Agreement with the Primary Advisor and paid by the Primary Advisor.

The Advisory Fee only covers the portfolio management services provided by DPWA. The Advisory Fee does not include administrative services, costs for trade execution of transactions through the broker-dealer and custodial services, which are charged by the client's designated broker-dealer or assumed by the Primary Advisor.

Engaging DPWA to provide sub-advisory portfolio management services may cost a client more or less than purchasing such service separately.

If DPWA utilizes a Portfolio Manager to manage a client's account, a portion of the advisory fee the client pays to DPWA will be shared with the Portfolio Manager for its services. Separate written disclosures are provided to the client, including a copy of the Portfolio Manager's Form ADV Part 2 detailing any costs or fees associated with the services the Portfolio Manager provides. DPWA's overall advisory fee will include fees paid to the Portfolio Manager for its services. If DPWA does not use a Portfolio Manager, the overall advisory fee it receives will be higher.

DPWA may select mutual funds or exchange-traded funds (ETF). In addition to the Advisory Fee, each mutual fund or ETF in which a client may invest also bears its own investment advisory fees and other expenses. The mutual funds DPWA invests in may be available directly from the funds pursuant to the terms of their prospectuses and without paying the Advisory Fee. In addition, ETFs are available outside of DPWA's services without paying the Advisory Fee, subject to applicable commissions and/or transaction charges. Further, to the extent that cash used for investment comes from redemptions of client's mutual fund or other investments, there may be tax consequences or additional cost from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Advisory Fee on those assets.

If a client selects LFS as the broker-dealer for their account, LFS will receive payments from mutual funds (including money market funds) pursuant to a 12b-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets and will affect the performance of the investments. These funds' advisory, administrative, and 12b-1 fees are described in the funds' prospectuses. Mutual fund share prices and execution costs differ based on share class. The Advisor will review the cost of a fund's share classes in conjunction with execution costs to assure that it meets its fiduciary duty to obtain best execution. For non-advisory accounts held at LFS, DPWA Advisory Representatives receive commissions on securities transactions as registered representatives through their affiliation with LFS.

Additional expenses associated with the specific underlying investment funds such as, redemption fees may apply. Certain mutual funds may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that a sell is executed or model update is implemented. Redemption fees vary by fund and are described in each fund's prospectus.

Our Advisory Representatives are also registered representatives of LFS, a registered broker/dealer, member FINRA/SIPC.

Your Advisory Representative may also be licensed to sell insurance products. If you choose to implement your financial plan through your advisory representative in his or her capacity as a registered representative, s/he will earn commissions on products and services you purchase through him or her. Advisory Representatives do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through DPWA.

If you choose to implement your plan, you are not obligated to do so through your Advisory Representative, or our firm.

In addition to our fee, you may be required to pay other charges related to your account(s) such as:

- custodial fees;
- brokerage commissions;
- transaction fees;
- internal fees and expenses charged by mutual funds, ETFs and variable annuities;
- fees charged by third party money managers;
- maintenance and termination fees for IRAs, certain retirement and qualified accounts; and
- other fees and taxes on brokerage accounts and securities transactions.

Mutual fund companies, ETFs, and variable annuity issuers charge internal fees and expenses for their products. These fees and expenses are in addition to any advisory fees charged by us. Complete details of these internal fees and expenses are explained in the prospectuses for each investment.

LFS receives payments from mutual funds (including money market funds) pursuant to a 12b-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets and will affect the performance of the investments. These funds' advisory, administrative, and 12b-1 fees are described in the funds' prospectuses. Mutual fund share prices and execution costs differ based on share class. The Advisor will review the cost of a fund's share classes in conjunction with execution costs to assure that it meets its fiduciary duty to obtain best execution. The Advisory Representative will receive a portion of these fees received by LFS in his or her capacity as a registered representative of the brokerdealer in connection with non-advisory program assets. This receipt of compensation creates a conflict of interest because the Advisory Representative has an incentive to recommend strategies that utilize funds that pay compensation to the Advisory Representative. Thus, the Advisory Representative has an incentive to recommend LFS as broker-dealer for a client's account.

If you purchase mutual fund shares through the custodian, you may pay a transaction fee that would not be charged if the transaction were made directly through the mutual fund company. Also, mutual funds held in accounts at brokerage firms can charge internal fees that are different from mutual funds held at the mutual fund company.

You may purchase shares of mutual funds directly from the mutual fund company without a transaction fee. Those investments, however, may not be part of a managed account. This means that they will not be included in the investment strategies, investment performance monitoring, or investment reallocation performed by an investment manager.

When investing in exchange traded products ("ETP"), e.g. ETF and ETN, a client will bear the ETP's proportionate share of fees and expenses as an investor in the ETP. The client does not pay these fees directly; rather they are deducted from the ETP's assets and will affect the performance of the investment.

Please be sure to read the section entitled "Brokerage Practices," which follows later in this brochure.

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

We do not charge performance-based fees for any of the services described in this brochure. Performance-based fees are generally based on a percentage of the capital gains on and/or appreciation of the client account assets.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not participate in side-by-side management.

## Item 7 Types of Clients

As a subadvisor, we provide asset management services to investment advisers' clients. In addition, we provide advisory services to pension and profit-sharing plans, including participants and Taft Hartley plans.

We do not impose a minimum investment account size to start and maintain an advisory relationship with us.

The minimum account sizes imposed by third party asset managers are described in their respective disclosure brochures.

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

The investment strategies for the Diversified Asset Management Program are described in our Diversified Asset Management Program Brochure.

DPWA manages accounts using the following types of investment strategies:

1. **Diversified Strategies.** The Primary Advisor selects managed strategies, which may include growth, growth & income, income & growth, or income models. Each strategy is designed to be consistent with a certain combination of investment objectives, time horizon, and risk tolerance. Within each strategy, there may be multiple investment styles. Each Account in these strategies may consist of mutual funds primarily, ETFs and exchange-traded notes ("ETNs") secondarily, which encompass the asset classes targeted for that strategy's asset allocation. The mutual funds are selected for these strategies based on due diligence conducted by DPWA, which evaluates the mutual funds on a variety of performance measures and recommends those with the best ratings for inclusion in the managed mutual fund strategies. DPWA periodically reviews each strategy and remove or replace those mutual funds that no longer meet the qualifications necessary for inclusion in the strategies.
2. **Diversified ETF Strategies.** The Primary Advisor selects managed strategies, which may include growth, growth & income, income & growth, or income models. Each strategy is designed to be consistent with a certain combination of investment objectives, time horizon, and risk tolerance. Within each strategy, there may be multiple investment styles. Each Account in these strategies may consist primarily of ETFs, mutual funds and ETNs secondarily, which encompass the asset classes targeted for that strategy's asset allocation. DPWA periodically reviews each strategy and remove or replace those ETFs and mutual funds that no longer meet the qualifications necessary for inclusion in the strategies.
3. **Diversified Tax Strategies.** The Primary Advisor selects managed tax sensitive strategies which may include growth, growth & income, income & growth, or income models. Each strategy is designed to be consistent with a certain combination of investment objectives, time horizon, and risk tolerance. Within each strategy, there may be multiple investment styles. Each Account in these strategies will consist of mutual funds, ETFs or ETNs, which encompass the asset classes targeted for that strategy's asset allocation. The mutual funds or ETFs and/or ETNs are selected for these strategies based on a variety of performance measures, ratings and tax sensitive investment strategies. DPWA periodically reviews each strategy and remove or replace those funds and ETFs that no longer meet the qualifications necessary for inclusion in the strategies.
4. **Specialty Strategies.** The Primary Advisor selects one of the specifically focused strategies. The Primary Advisor may select a specialty strategy which is designed with a combination of investment objectives, time horizon, and risk tolerance targeted to achieve a certain investment goal such as Municipal, US Equity, and Global Equity strategies. Each Account in these strategies will consist of mutual funds, ETFs, or ETNs which encompass the asset classes targeted for that strategy's asset allocation. The funds are selected for these strategies based on a variety of performance measures and ratings. DPWA periodically reviews each strategy and remove or replace those funds that no longer meet the qualifications necessary for inclusion in the strategies.

DPWA will primarily rely on publicly available materials, financial publications, research materials prepared by others, annual reports, prospectuses, filings with the SEC, company press releases and timing services. DPWA employs a regiment of quantitative and qualitative investment criteria which allows Advisory Representatives to analyze potential funds and select funds for inclusion in the strategies we make available.

Below are some of the factors considered in selecting funds for the inclusion in the strategies:

- Top quartile of performance within its peer group
- Positive alpha, which indicates a funds relative performance to the risk being taken by the portfolio manager
- Perform well in bear markets
- Lead portfolio manager must have a minimum of 3 years' experience
- Have a portfolio composition that is consistent (greater than ninety five percent) with its corresponding asset class

Each investment strategy and fund entails varying degrees of risk. Clients are advised and should understand that:

- Asset allocation does not ensure a profit or protect against a loss;
- Past performance is not a guarantee of future results;
- Market conditions, interest rates, and other investment related risks may cause losses in their portfolio;
- Risk parameters established for their portfolio are guidelines only - the selected risk parameters may be exceeded and index comparisons may outperform their portfolio; and
- Their portfolio's value is subject to a variety of factors, such as liquidity and volatility of the securities markets.

Our main sources of information used to formulate investment advice and/or manage assets include financial publications, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, company press releases and timing services.

Our investment strategies may include long-term and short-term investments, use of unaffiliated Portfolio Managers and third-party model portfolios. You may place reasonable restrictions on the strategies to be employed in your account (such as, for example, the types of investments to be held in your account).

The methodologies employed by Portfolio Managers and the associated risks, are described in their respective disclosure brochures. We analyze individual Portfolio Managers based upon their investment strategies, experience, performance track record, reputations, and fee arrangements.

The Advisor receives investment-related analysis with respect to the creation and maintenance of one or more model portfolios relating to one or more investment strategies ("Model Portfolio") from various model managers. The Advisor may recommend a client invest in one or more of the Model Portfolios in order to meet the client's financial objectives. The Advisor pays a license fee in consideration for the services provided by the model managers.

## **Risks**

Although we make recommendations and give advice in a manner we believe is consistent with your specific investment objectives and risk tolerances, there can be no guarantee that our efforts will be successful. General economic conditions, current interest rates, the performance of a particular industry or a particular company, and any number of other factors can affect investment performance.

You should be prepared to bear the risk of loss. All investments are subject to loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Risks may include market, interest rate, issuer, general economic, geo-political, and currency exchange rate risks.

The use of margin, options and short sales are higher risk strategies. It is possible to lose all of the principal you invest, and sometimes more. In a cash account, your risk is limited to the amount of money that you have invested. In a margin account, your risk includes the amount of money invested plus the amount that has been loaned to you. When you short sell, your losses can be infinite.

You should also be aware that transactions in the account (including account reallocations and rebalancing) may trigger a taxable event for you (unless your account is a qualified retirement account).

## **Item 9 Disciplinary Information**

We have not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

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

Certain principal executive officers of DPWA are also officers or employees of LFS and LGA. These permitted additional responsibilities could be viewed as creating a conflict of interest in that the time and effort of the directors, officers, principals and employees of DPWA will not be devoted exclusively to the business of DPWA and may have conflicts of interest due to their loyalties to the other entity.

Certain of DPWA principal executive officers, members of the DPWA investment committee and other individuals who determine investment advice given to clients are registered representatives of LFS.

When DPWA includes certain funds in your account, DPWA's affiliated brokerdealer, LFS, receives additional compensation from those fund sponsors. For example, mutual fund sponsors provide marketing allowances or conference support. LFS, at its sole discretion, may share all or some of any marketing allowance payments with representatives as part of compensating them for marketing and distribution expenditures incurred promoting the sponsor's products. Although LFS receives compensation in connection with investments in products through the Program, no portion of any compensation received from sponsors is passed through to DPWA or your Advisory Representative in connection with your account.

Dominick Tavella, President, is a minority owner of LFS, a registered broker/dealer, member FINRA/SIPC. Mr. Tavella is also a majority owner of LGA, a federally registered investment adviser. Advisory representatives of DPWA, including Mr. Tavella, are also registered representatives of LFS and investment advisor representatives of LGA. You are not obligated to conduct business with Mr. Tavella in these capacities. Please refer to Mr. Tavella's respective ADV Part 2B Brochure Supplement for more information about his affiliations.

If you purchase products and/or services through Mr. Tavella, or any Advisory Representative in these capacities, they will receive compensation in addition to the advisory fees you pay to DPWA. This presents a conflict of interest because this may create an incentive to make recommendations based upon the amount of compensation we can receive rather than based upon your needs. See your Advisory Representative's ADV Part 2B Brochure Supplement for additional information regarding their receipt of compensation as broker-dealer representatives of LFS and/or as an investment advisor representatives of LGA.

To address this conflict, we will explain the specific costs associated with any recommended investment with you upon request. We also recommend no-load and load waived mutual funds to further reduce conflicts of interest. Additionally, you may purchase investment and insurance products through other brokers or agents who are not affiliated with us.

Mr. Tavella is also the principal owner of Diversified Financial Consultants, a management support company, and President of WealthSource Financial, LLC. WealthSource Financial, LLC has no clients or assets and is not used for any investment or business purpose.

Mr. Tavella, nor any Advisory Representative of DPWA is registered as or has applied for registration as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Our Advisory Representatives may also be insurance licensed in one or more states and may recommend the purchase of insurance products to you. They will receive commissions for the sale of such insurance products. The ability to receive commissions from the sale of insurance products presents a conflict of interest, in that it gives an incentive to recommend a particular insurance product over a different insurance product or a different investment, based on the compensation received, rather than on a client's needs. DPWA addresses these conflicts by disclosing this potential conflict to clients to assure that their interests are considered.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We have adopted a *Code of Ethics* ("*Code*") to address the standard of business conduct required of our Advisory Representatives and employees. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients and our fiduciary duty is the core underlying principal for our *Code*.

The *Code* includes our policies and procedures developed to protect your interests in relation to the following:

- the duty at all times to place your interests ahead of ours;
- that all personal securities transactions of our Advisory Representatives and employees be conducted in a manner consistent with the *Code* and avoid any actual or potential conflict of interest, or any abuse of an advisory representative's or employee's position of trust and responsibility;
- that Advisory Representatives may not take inappropriate advantage of their positions;
- that information concerning the identity of your security holdings and financial circumstances are confidential; and
- that independence in the investment decision-making process is paramount.

We will provide a copy of the *Code* to you or any prospective client upon request.

We may buy or sell securities for our own account that we also recommend to you. Our Advisory Representatives and employees are permitted to buy or sell the same securities for their personal and family accounts that are bought or sold for your account.

The personal securities transactions of our Advisory Representatives and employees may raise potential conflicts of interest when they trade in a security that is owned by you or is being considered for purchase or sale for your account.

We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our Advisory Representatives and employees to act in your best interest,
- prohibit favoring one client over another, and
- monitor and review of transactions to discover and correct any same-day trades that result in an advisory representative or employee receiving a better price than a client.

Our Advisory Representatives and employees must follow our procedures when purchasing or selling the same securities purchased or sold for your account.

## **Item 12 Brokerage Practices**

We will generally recommend Mid Atlantic Trust Company ("MATC"), a South Dakota non-depository trust company (the "Custodian"), to you for custody and brokerage services although we may agree to employ the services of one or more other custodians. The Custodian offers independent investment adviser services which include custody of client securities, trade execution, clearance and settlement of transactions.

We are independently owned and operated and not affiliated with the custodians we recommend. Our use of a particular custodian is, however, a beneficial business arrangement for us and for the custodian. Information regarding the benefits of this relationship is described below.

Our recommendation of a specific custodian is based in part on our existing relationships; the custodian's financial strength; reputation; breadth of investment products; and, the cost and quality of custody and brokerage services provided to you and our other clients.

The determining factor in the selection of a particular custodian to execute transactions for your accounts is not the lowest possible transaction cost, but whether they can provide what is in our view the best qualitative execution for investment transactions for your account.

In addition to brokerage and custody services, the Custodians may provide access to investments generally available to institutional investors; research; software; and, educational opportunities. The Custodians may also make available or arrange for discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. Thus, we receive economic benefits as a result of our relationship with the Custodians, because we do not have to produce or purchase the products and services listed above.

Our recommendation of a specific custodian may be based in part on the economic benefit to us and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. This may create a conflict of interest for us. We nonetheless strive to act in your best interests at all times.

The Custodian may not charge separately for holding our client accounts but may be compensated by you through other transaction-related fees associated with the securities transactions they execute for your account.

Commissions and other fees for transactions executed through the custodians we recommend may be higher than commissions and other fees available if you use another custodian firm to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by our recommended custodians outweighs the benefit of possibly lower transactions cost which may be available under other brokerage arrangements.

Many of the services described above may be used to benefit all or a substantial number of our accounts, including accounts not maintained through our recommended custodians. We do not attempt to allocate these benefits to specific clients.

### *Directed Brokerage*

You may direct us in writing to use a particular custodian to execute some or all of the transactions for your account. If you do so, you may be responsible for negotiating the terms and arrangements for the account with that custodian.

We may not be able to negotiate commissions, obtain volume discounts, or best execution with custodians with which we do not have a pre-existing relationship. A difference in transaction fees and expenses may also exist between those charged to clients who direct us to use a particular custodian and other clients who do not.

#### *Bunched Trading*

Aggregated or "bunched trading" allows for the purchase or sale of a security for the accounts of multiple clients in a single transaction. If a bunched trade is executed, each participating client receives a price that represents the average of the prices at which all the transactions in a given bunch were executed. Executing a bunched trade allows transaction costs to be shared equally and on a pro rata basis among all the participating clients. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner.

We may aggregate trades only when we reasonably believe that the combination of the transactions provides better prices for clients than had individual transactions been placed for clients.

Transactions for non-discretionary client accounts are generally not bunched with transactions for discretionary client accounts. Transactions for the accounts of our Advisory Representatives and employees may be included in bunched trades. They will receive the same average price and pay the same commissions and other transaction costs, as clients.

Transactions for the accounts of our Advisory Representatives or employees will not be favored over transactions for client accounts.

We are not obligated to include any client transaction in a bunched trade. Bunched trades will not be effected for any client's account if doing so is prohibited or otherwise inconsistent with that client's investment advisory agreement. No client will be favored over any other client.

### **Item 13 Review of Accounts**

We will review your account on an on-going and periodic basis to monitor that your investments and investment strategies are consistent with your stated goals and objective. We will regularly review the reports provided to you by any Portfolio Manager that is managing assets for you.

We do not meet with sub-advisory asset management services' clients unless specifically requested to by the client.

Dominick Tavella and the Chief Compliance Officer are responsible for all reviews.

As previously noted, we strongly encourage you to advise your Primary Adviser of any changes in your personal circumstances, your investment goals or objectives, and your risk tolerances to ensure that your investments and investment strategies are most appropriate for you.

You will receive account statements directly from your account custodian. Please review these carefully.

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

We enter into written agreements with certain unaffiliated investment advisers and other professionals (such as CPAs, attorneys, etc.) to compensate them for referring clients to us. We will pay these individuals (referred to as "solicitors") a percentage of the advisory fee that you pay us if it is determined that you have become a client of ours as a result of their direct or indirect efforts.

The payments we make to a solicitor will not result in an increase in the amount of the advisory fee that the referred client will pay.

Our solicitation or referral arrangements will comply with applicable laws that govern:

- the nature of the services provided;
- the fees to be paid;
- disclosure of solicitor arrangements to clients; and
- client consents, as required.

We receive certain economic benefits as a result of our participation in the institutional brokerage program of the Custodians. Those benefits are described in detail in the section above entitled, "Brokerage Practices."

Except as described above, DPWA does not receive direct or indirect compensation related to our advisory services other than the advisory fees paid to us by our clients or Primary Advisors. However, our affiliates can receive compensation connected to your account with DPWA, see "Other Financial Industry Activities and Affiliations" for additional information.

## **Item 15 Custody**

Your assets are held by qualified custodians. However, DPWA is deemed to have custody when you authorize us to deduct our advisory fees directly from your custodial accounts. At least quarterly, you will receive statements from your account custodian. The statements will show the advisory fees paid to us. Your custodian does not verify the accuracy of fee calculations so please review the fees carefully.

You should also confirm that the transactions in your account are consistent with the investment goals and the objectives for your account.

Please promptly contact our Chief Compliance Officer, Thomas Katovitz at (516) 785-1800, should you have any questions or concerns regarding your account.

## **Item 16 Investment Discretion**

As previously noted, we offer our advisory services on a discretionary basis (meaning that we do not need advance approval from you to determine the type and amount of securities to be bought and sold for your account).

We may only exercise discretion if you or your Primary Advisor have provided that authority to us in writing. This authorization is typically included in the investment advisory agreement you enter with us or your Primary Advisor.

The discretionary authority you grant to us does not authorize us to choose the custodian through which transactions for your account will be executed or to negotiate brokerage fees or expenses. Additionally, our discretionary authority does not allow us to withdraw funds from your account (other than to withdraw our advisory fees which may only be done with your prior written authorization).

We will exercise discretion in a manner consistent with the stated investment objectives for your account.

DPWA has discretion to engage Portfolio Managers to provide investment management services when it is deemed to be beneficial to achieving a client's overall investment goals and/or objectives. Under Portfolio Manager arrangements, the Portfolio Manager exercises discretion in the management of your account. All

securities transactions are selected and executed by that Portfolio Manager. We do not manage or obtain discretionary authority over the assets in those accounts. Any limitations or restrictions with respect to the exercise of this investment discretion will be those established by the client in writing.

## **Item 17 Voting Client Securities**

DPWA and its Advisory Representatives do not take any action or give any advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which your accounts may be invested. In addition, we do not take any action or give any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits.

You will receive information related to proxies directly from your account custodian. We will forward to you any information received by us regarding proxies and class action legal matters involving any securities held in your accounts.

Portfolio Managers will generally vote the securities in the portfolios they manage. Their proxy policies and procedures will be described in their respective disclosure brochures.

## **Item 18 Financial Information**

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you. We have not been the subject of any bankruptcy proceedings.