

WNY ASSET MANAGEMENT, LLC

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ADV Part 2A, Firm Brochure **Date: March 13, 2020**

Contact: John Pieroni, Chief Compliance Officer
6500 Sheridan Drive, Suite 200
Williamsville, NY 14221
www.wnyasset.com

This brochure provides information about the qualifications and business practices of WNY Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (716) 626-0060 or jpieroni@wnyasset.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about WNY Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to WNY Asset Management, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

There are no material changes in this brochure from the last annual updating amendment of WNY Asset Management's on 03/20/2019. Material changes relate to WNY Asset Management's policies, practices or conflicts of interests only.

ANY QUESTIONS: WNY Asset Management's Chief Compliance Officer, John Pieroni, remains available to address any questions that an existing or prospective client may have regarding this Brochure

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Item 4 Advisory Business

- A. WNY Asset Management, LLC (the “Registrant”) is a limited liability company formed on September 8, 2000 in the State of New York. The Registrant became registered as an Investment Adviser Firm in July 2010. The Registrant is owned by John Anthony Pieroni, Robert Anthony Castiglione, II and Ronald Marc Lojacono.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided and the fee that is due from the client.

Registrant’s annual investment advisory fee shall include investment advisory services and to the extent specifically requested by a client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consulting services (to be determined in the Registrant’s sole discretion), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate agreement.

Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the certain of Registrant’s representatives in their individual capacities as registered representatives of a broker-dealer and/or licensed insurance agents. (*See* disclosure at Item 10C.) The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the

Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not the Registrant, shall be responsible for the quality and competency of the services provided.

Please Also Note: It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

College Assistance Program (CAP). Through this program, Registrant offers assistance in the preparation of college financial aid forms and provides financial aid consulting. Registrant may, from time to time, conduct seminars on this topic.

EDUCATIONAL SEMINARS/WORKSHOPS

The Registrant provides periodic educational seminars and workshops to clients. Educational seminars and workshops are offered free of charge.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. The Registrant does not serve as a law firm, accounting firm, or insurance agency, and no portion of Registrant's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Registrant does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including certain representatives of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not the Registrant, shall be responsible for the quality and competency of the services provided.

Please Also Note: It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

CPA Financial Network. Neither the Registrant nor any representative of the Registrant renders accounting advice or tax preparation services to clients of the Registrant. Rather, to the extent that a client requires accounting advice or tax preparation services, Registrant, if requested, may recommend the services of a member of the Registrant's CPA Financial Network. CPA Financial Network members are accountants, most of which are certified

public accountants. All services provided by the members of the CPA Financial Network shall be rendered independent of the Registrant pursuant to a separate agreement between the client and each Accountant. Registrant shall not receive any of the fees charged by any recommended Accountant, referral or otherwise. However, members of the CPA Financial Network shall from time to time, recommend the Registrant's investment advisory services to certain clients. If a client is introduced to the Registrant by a member of the CPA Financial Network, that member *may, at the election of the client*, receive a referral fee from the Registrant in accordance with the requirements of Rule 206 (4)-3 of the Investment Advisors Act of 1940, and any corresponding state securities law requirement. (*See* Item 14.B below).

Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur) the Registrant may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee. **The Registrant's Chief Compliance Officer, John Pieroni, remains available to address any questions that a client or prospective client may have regarding the above fee billing practice.**

Independent Managers. The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager(s)* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager(s)* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing and research. The investment management fee charged by the Independent Manager(s) is separate from, and in addition to, Registrant's advisory fee as set forth in Item 5.

Retirement Rollovers-Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.

Use of Mutual Funds: While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publicly available mutual funds that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly available mutual funds without engaging Registrant as an investment adviser, the client or

prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

Use of DFA Mutual Funds. Registrant utilizes mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers approved by DFA. Therefore, if the client was to terminate Registrant's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply. In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). **Registrant's Chief Compliance Officer, John Pieroni, remains available to address any questions that a client or prospective client may have regarding the above.**

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 2019, the Registrant had \$ 818,341,367.00 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a negotiable *fee* basis. The Registrant's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant's management, generally between 0.85% and 1.30% on a stepped-up basis, as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$400,999.99	1.30%
Next \$349,999.99	1.10%
Next \$249,999.99	1.00%
Over \$1,001,000.00	0.85%

Registrant's annual investment advisory fee as set forth above shall include investment advisory services and to the extent specifically requested by a client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consulting services (to be determined in the Registrant's sole discretion), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate agreement.

The Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.). As a result, the Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning and/or consulting services to be rendered. The services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$600 to \$30,000 on a fixed fee basis, and from \$150 to \$350 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

The fee for the College Assistance Program (CAP) is a one-time fee of \$950.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.

The Registrant shall deduct fees and/or bill clients monthly in advance, based upon the market value of the assets on the last business day of the previous month.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that TD Ameritrade, Inc. member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer ("Ameritrade") or SEI Financial Services Company, member FINRA/SIPC, an unaffiliated broker-dealer ("SEI"), serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Ameritrade and/or SEI charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid monthly, in advance, based upon the market value of the assets on the last business day of the previous month. The Registrant does not generally require an annual minimum fee or minimum asset level. The Registrant, in its sole discretion, may reduce its investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing month.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant's representatives, in their individual capacities, as a registered representatives of Cadaret, Grant & Co. ("Cadaret"), an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through Cadaret, Cadaret will charge brokerage commissions to effect securities transactions. A portion of the commissions will be paid by Cadaret to Registrant's representatives, as applicable. The brokerage commissions charged by Cadaret may be higher or lower than those charged by other broker-dealers. In addition, Cadaret, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from Cadaret presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, John Pieroni, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 10% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services. **However,** a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, pension and profit sharing plans, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or minimum asset level.

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

- A. The Registrant may utilize the following methods of security analysis:
- **Charting** - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices);
 - **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts); and
 - **Technical** – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices).

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- **Long-term Purchases** (securities held at least a year);
- **Short-term Purchases** (securities sold within a year); and

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases, are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds ("ETFs"), on a discretionary basis in accordance with the client's designated investment objective(s).

The Registrant may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its mutual fund asset allocation programs (i.e. Aggressive, Moderately Aggressive, Moderate, and Conservative) as designated on the *Investment Advisory Agreement*. Registrant's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;

6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain mutual funds;
8. No Pooling – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account – a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar services/programs. However, Registrant’s annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant’s annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses).

Registrant’s investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Registered Representative of Cadaret. As disclosed above in Item 5.E, certain of Registrant’s Principal and representatives are also registered representatives of *Cadaret*, a FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Broker-Dealer. As disclosed above in Item 5.E, certain of Registrant’s representatives are registered representatives of *Cadaret*, a FINRA member broker-dealer. Clients can choose to engage Registrant’s Principal and/or representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

Licensed Insurance Agents. Certain of the Registrant’s representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients

can engage certain of Registrant's representatives to purchase insurance products on a commission basis.

Conflict of Interest: The recommendation by Registrant's representatives that a client purchase a securities or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase securities or insurance products recommended by Registrant through other, non-affiliated insurance agents or broker-dealers. **The Registrant's Chief Compliance Officer, John Pieroni, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Certified Public Accountants. Certain of Registrant's representatives are Certified Public Accountants (the "CPAs") and may be engaged to provide accounting services, in their separate and individual capacities. Any such services shall be performed by the CPA, independent of Registrant, for which services Registrant shall not receive any portion of the fees charged by the CPA, referral or otherwise.

Conflict of Interest. The recommendation by Registrant that a client engage a related CPA presents a conflict of interest, as Registrant could have the incentive to make such a recommendation based on something other than on a client's particular need. No client is under any obligation to engage the CPAs in their independent

Related Wealth Management Firm. Mr. Lunghino, a representative of the Registrant, owns and operates Spectrum Financial Group DBA Spectrum Wealth Management ("Spectrum"). Any services provided by Spectrum shall be provided independent of the Registrant, and Registrant shall not receive any portion of the fees charged by Spectrum. No client is under any obligation to engage the services of Spectrum.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a

material financial interest.

- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Ameritrade* and/or *SEI*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Ameritrade* and/or *SEI* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether

the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits/Institutional Adviser Program

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from *Ameritrade* and/or *SEI* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

In addition to the above, the Registrant participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of *Ameritrade*, which offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. The Registrant receives some benefits from *Ameritrade* through its participation in the Program, and Registrant may recommend *Ameritrade* to clients for custody and brokerage services. There is no direct link between the Registrant's participation in the program and the investment advice it gives to its clients, although the Registrant receives economic benefits through its participation in the program that are typically not available to *Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Registrant by third party vendors. *Ameritrade* may also have paid for business consulting and professional services received by the Registrant's related persons. Some of the products and services made available by *Ameritrade* through the program may benefit the Registrant but may not benefit its client accounts. These products or services may assist the Registrant in managing and administering client accounts, including accounts not maintained at *Ameritrade*. Other services made available by *Ameritrade* are intended to help the Registrant manage and further develop its business enterprise. The benefits received by the Registrant or its personnel through participation in the program do not depend on the amount of brokerage transactions

directed to *Ameritrade*. As part of its fiduciary duties to clients, the Registrant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Registrant or its related persons in and of itself creates a conflict of interest and may indirectly influence the Registrant's choice of *Ameritrade* for custody and/or brokerage services.

The Registrant's Chief Compliance Officer, John Pieroni, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Additional Services: BCA Research, Inc., Morningstar, and SmartOffice. The Registrant also receives from *Ameritrade* certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. The value of the Additional Services is approximately \$45,000 per year, which is paid from *Ameritrade* to certain third parties as described below. Specifically, the Additional Services include institutional equity research provided by BCA Research Inc. ("BCA") and Morningstar. BCA and Morningstar shall provide the Registrant with market research geared toward the Registrant's investment philosophy. The Registrant also uses Ebix Inc.'s SmartOffice, a client relationship management software solution for investment advisors.

Ameritrade shall provide for these Additional Services to be rendered to the Registrant in its sole discretion and at its own expense. The Registrant does not pay any fees to *Ameritrade* for these Additional Services. The Registrant and *Ameritrade* have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services. The Registrant's receipt of Additional Services raises conflicts of interest. In providing Additional Services to the Registrant, *Ameritrade* most likely considers the amount and profitability to *Ameritrade* of the assets in, and trades placed for, the Registrant's client accounts maintained with *Ameritrade*. *Ameritrade* has the right to terminate the Additional Services Addendum with the Registrant, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from *Ameritrade*, the Registrant may have an incentive to recommend to its clients that their assets be held in custody with *Ameritrade* and to place transactions for client accounts with *Ameritrade*. The Registrant's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including its duty to seek best execution of trades for client accounts.

The Registrant's Chief Compliance Officer, John Pieroni, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Additional Benefits

Registrant has received from *Ameritrade*, certain additional economic benefits ("Additional Benefits") that may or may not be offered to the Registrant again in the future. Specifically, the Additional Benefits include partial payment for certain events hosted by the Registrant. Over the past two years *Ameritrade* has agreed to make payments valued approximately between \$4,000 - \$6,000 to third party vendors for

event related expenses. *Ameritrade's* payment is non-recurring and individually negotiated.

The Registrant may also receive from other broker-dealer/custodians, investment platforms, unaffiliated investment managers and/or mutual fund sponsors certain economic benefits. These benefits may include sponsorship of social events for clients and Registrant's personnel. To the extent such benefits are received the Registrant shall determine whether the benefits are material requiring additional disclosure in this Brochure.

The Registrant has no expectation that these Additional Benefits will be offered again; however, the Registrant reserves the right to negotiate for these Additional Benefits in the future. *Ameritrade* provides the Additional Benefits to Registrant in its sole discretion and at its own expense, and neither the Registrant nor its clients pay any fees to *Ameritrade* for the Additional Benefits. Registrant and *Ameritrade* have not entered into any written agreement to govern the Additional Benefits.

TD Ameritrade Institutional Operations Panel

Registrant serves on the TD Ameritrade Institutional Operations Panel ("Panel"). The Panel consists of approximately thirty independent investment advisors that advise *Ameritrade* on issues relevant to the independent advisor and their experience with *Ameritrade's* service, technology and products. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for a three year term by *Ameritrade* sales, service and senior management. An investment advisor may serve longer than three years if appointed to additional terms by *Ameritrade* senior management. At times, Panel members are provided confidential information about *Ameritrade* initiatives. Panel members are required to sign confidentiality agreements. *Ameritrade* does not compensate Panel members. However, *Ameritrade* pays or reimburses Registrant for the travel, lodging and meal expenses Registrant incurs in attending Panel meetings. The benefits received by Registrant or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to *Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a conflict of interest and may indirectly influence Registrant's recommendation of *Ameritrade* for custody and brokerage services.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client

correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

The Registrant's Chief Compliance Officer, John Pieroni, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides investment management services to its clients, and Registrant decides to purchase or sell the same securities for several clients at approximately the same time, the Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant receives an economic benefit from *Ameritrade* and/or *SEI*. The Registrant, without cost (and/or at a discount), receives support services and/or products from *Ameritrade* and/or *SEI*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Ameritrade* and/or *SEI* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Ameritrade* and/or *SEI* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Registrant will also receive a referral fee from CPA Insurance Solutions (CPAIS), an independent property and casualty agency, for clients it refers to CPAIS. Registrant and CPAIS are not affiliated.

The Registrant's Chief Compliance Officer, John Pieroni, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. As noted in Item 4.B above, members of the CPA Financial Network might from time to time recommend the Registrant's advisory services to certain clients. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may, at the election of the client*, pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a monthly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance. Custody is also disclosed in Form ADV because The Registrant has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, The Registrant will follow the safeguards specified by the SEC rather than undergo an annual audit.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, John Pieroni, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.