

# **Joseph Gunnar & Co., LLC**

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**April 26, 2021**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Joseph Gunnar & Co., LLC. If you have any questions about the contents of this brochure, please contact us at 212-440-9600. 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 Joseph Gunnar & Co., LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Joseph Gunnar & Co., LLC is 24795.

Joseph Gunnar & Co., LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 30, 2020, we have the following material changes to report:

- On December 4, 2020, we consented to an Acceptance, Waiver & Consent ("AWC") due to a failure to establish and implement an anti-money laundering (AML) program reasonably designed to detect and cause the reporting of potentially suspicious activity relating to transactions involving low-priced securities; and a failure to establish a due diligence program including policies, procedures, and controls reasonably designed to detect and report any known or suspected money laundering activity conducted through or involving correspondent accounts for foreign financial institutions in violation of FINRA Rules 3310(a), 3310(b) and 2010. Without admitting or denying the allegations, we consented to the sanctions and undertaking and the firm was censure and fined \$55,000.

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## Item 4 Advisory Business

### Description of Services and Fees

Joseph Gunnar & Co., LLC is a registered investment adviser based in New York, New York. We are organized as a limited liability company under the laws of the State of Delaware. We have been providing investment advisory services since 1995. Joseph Gunnar Holding Co., LLC is our principal owner and Joseph Alagna, Anthony Sica and Stephan Stein are indirect owners of Joseph Gunnar Holding Co., LLC. Mr. Anthony Sica and Mr. Stephan Stein hold less than 25% ownership of Joseph Gunnar Holding Co., LLC. Some of our representatives may conduct advisory business under the names Lellos Wealth Management and American Pride Wealth Management Group.

Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Selection of Other Advisers

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Joseph Gunnar & Co., LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person in throughout this brochure.

Our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Portfolio Management Services

We offer discretionary and non-discretionary portfolio management services exclusively through the Joseph Gunnar & Co., Wrap Fee Program. For additional information on our portfolio management services, refer to our Appendix 1 Wrap Fee Program Brochure.

### Selection of Other Advisers

In certain instances, we recommend that you use the services of a third party money manager ("TPMM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific TPMM or investment program offered through the Envestnet Asset Program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the TPMM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The TPMM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire TPMM(s) and/or reallocate your assets to other TPMM(s) where we deem such action appropriate. You will be required to sign an advisory agreement with us. If you have not received the disclosure brochure document(s) at least 48 hours prior to signing an agreement, you have five business days in which to cancel the agreement, without penalty. The agreement will continue in effect until terminated by either party on 30 days' written notice to the other party (email notice will not suffice), which written notice must be signed by the terminating party.

Prior to introducing Pennsylvania clients to another investment adviser ("IA"), JGUN will be responsible for determining whether the investment advisory firm is properly licensed, notice filed, or exempt from

registration with the Department.

### **Wrap Fee Program(s)**

We are a portfolio manager to and sponsor of a wrap fee program, the Joseph Gunnar & Co. Wrap Fee Program, which is a type of investment program that provides clients with access to investment or portfolio management services for a single fee that includes administrative fees, management fees, and commissions. If you participate in our wrap fee program, you will pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Transactions for your account must be executed by RBC Correspondent Services ("RBC"), a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, see *Appendix 1* to this Brochure.

### **Types of Investments**

We do not offer advice on any particular type of investment since we are only referring you to a third party money manager ("TPMM"). The TPMM will advise you as to specific investments.

### **Assets Under Management**

As of December 31, 2020, we manage \$17,546,273 in client assets on a discretionary basis and \$12,963,424 on a non-discretionary basis through our wrap fee program.

## **Item 5 Fees and Compensation**

### **Selection of Other Advisers**

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the TPMM. The total advisory fee charged will not exceed 3% on an annual basis. The advisory fee you pay to the TPMM is established and payable in accordance with the brochure provided by each TPMM to whom you are referred. The annual advisory fee is billed and payable quarterly in advance, based on the value of your account on the last day of the previous quarter. If the Agreement is executed at any time other than the first day of a calendar quarter, the advisory fees will apply on a pro rata basis, which means that the advisory fee is payable only in proportion to the number of days in the quarter for which you are a client. These fees may or may not be negotiable.

The advisory fee is directly debited by the TPMM from your account through the qualified custodian holding your funds and securities. The TPMM will deduct the advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian;
- We send the qualified custodian written notice of the amount of the fee to be deducted from your account;
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, the time period covered by the fee and the specific manner in which the fee was calculated, including any formulae used to calculate the fee; and

- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

Upon receiving an invoice and/or billing statement, we encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information, please call our main office number located on the cover page of this disclosure brochure.

Our compensation may differ depending upon the individual agreement we have with each TPMM. As such, a conflict of interest exists where our firm or persons associated with our firm has an incentive to recommend one TPMM over another TPMM with whom we have more favorable compensation arrangements or other advisory programs offered by TPMMs with whom we have less or no compensation arrangements. However, the TPMMs custody fees through RBC range between 5 basis points and 35 basis points on an annual basis, depending on the size and nature of the account and the RBC platform used. One basis point is equal to 1/100<sup>th</sup> of 1%. Envestnet charges a sponsor fee of between 5 basis points and 18 basis points on an annual basis, depending on the size and nature of the account.

You will be required to sign an agreement directly with the recommended TPMM(s). You may terminate your advisory relationship with the TPMM according to the terms of your agreement with the TPMM. You should review each TPMM's brochure for specific information on how you may terminate your advisory relationship with the TPMM and how you may receive a refund, if applicable. You should contact the TPMM directly for questions regarding your advisory agreement with the TPMM.

### **Additional Fees and Expenses**

The TPMM may recommend that you invest in mutual funds and exchange traded funds. The fees that you pay to the TPMM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Absent any agreement to the contrary, you will also incur transaction charges and/or brokerage fees when purchasing or selling securities through a brokerage firm. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

### **State of California Required Disclosures**

While our firm endeavors at all times to offer clients specialized services at reasonable costs, the fees charged by other investments advisers for comparable services may be lower than the fees charged by our firm. Clients will not be charged a total management fee over the 3% industry average

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm may also be registered representatives with our firm in its dual role as a securities broker-dealer, member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on

your needs. In the case of mutual funds, we primarily recommend no-load or load-waived funds. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm may also be licensed as insurance agents through an affiliated insurance agency. In their capacity as insurance agents, they will earn commission-based compensation for selling insurance products, including insurance products they sells to you. Insurance commissions earned by these persons in their capacities as insurance agents are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents may have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

We do not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, including high net worth individuals.

Generally, we require a minimum account size of \$50,000 to open and maintain an advisory account with our firm. We may waive or lower this minimum requirement in our sole discretion. Please refer to our Appendix 1 Wrap Fee Program Brochure for additional information regarding our account minimums.

Additionally, the TPMM that we recommend may impose minimum account conditions. For more information, please review the TPMM's disclosure brochure.

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

### **Our Methods of Analysis and Investment Strategies**

When recommending Third Party Money Managers for the direct management of client portfolios, we will not perform quantitative or qualitative analysis of individual securities. Instead, we will advise you on how to allocate your assets among various asset classes using third party managers. We primarily rely on investment manager research by third parties to select third party portfolio managers. If your assets are invested in a portfolio that we believe deviates from your investment objectives, we will recommend a more suitable portfolio.

**Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services and/or the third party investment manager's methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

**Item 9 Disciplinary Information**

Disciplinary Information: We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. As more fully described below under the sub-heading Other Financial Industry Activities and Affiliations, our firm is concurrently registered as a broker-dealer with the SEC. In our separate capacity as a broker-dealer, our firm was involved in the following disciplinary events:

On December 4, 2020, we consented to an Acceptance, Waiver & Consent ("AWC") due to a failure to establish and implement an anti-money laundering (AML) program reasonably designed to detect and cause the reporting of potentially suspicious activity relating to transactions involving low-priced securities; and a failure to establish a due diligence program including policies, procedures, and controls reasonably designed to detect and report any known or suspected money laundering activity conducted through or involving correspondent accounts for foreign financial institutions in violation of FINRA Rules 3310(a), 3310(b) and 2010. Without admitting or denying the allegations, we consented to the sanctions and undertaking and the firm was censured and fined \$55,000.

On December 5, 2017, we consented to an AWC due to a failure to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to prevent unsuitable trading in certain customer accounts in violation of NASD Rules 3010(A) and 3010 (B) and FINRA Rules 3110 (A), 3110(B) and 2010. Without admitting or denying the allegations, we consented to the sanctions and undertaking and the firm was censured and fined \$60,000.

On May 16, 2007, we consented to an AWC due to an individual registration "parking" violation and deficiencies in communications with the public in connection with a routine examination of the firm. Without admitting or denying the allegations, we consented to the sanctions and the firm was censured and fined \$35,000.

On November 23, 2005, we consented to an Acceptance, Waiver & Consent ("AWC") due to a failure to maintain required net capital in connection with an escrow account for a private placement offering. Without admitting or denying the allegations, we consented to the sanctions and the firm was censured and fined \$20,000.

Additionally, please refer to Item 19 for additional information related to arbitration claims against Joseph Gunnar, principal executive officers and management personnel.

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

We, nor any of the management persons are registered, have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or as an associated person of the foregoing entities.



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

In addition to being registered as an investment adviser, our firm is also registered as a broker-dealer and is a member of FINRA, NASDAQ, and the SIPC in such capacity. Persons providing investment advice on behalf of our firm are also registered representatives of our firm in its capacity as a broker-dealer. As registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. In the case of mutual funds, we primarily recommend no-load or load-waived funds. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm. Our Associated Persons, including those who are licensed as registered representatives of our firm, are required to act at all times in accordance with our firm's Code of Ethics (as discussed herein), and to act only from principles of fair and equitable dealing and good faith with respect to our advisory clients.

### **Relationship with the General Partner of Pooled Investment Vehicles**

Buttonwood Group Advisors, LLC ("BGA") and Buttonwood Select Opportunities Management Associates, LLC ("BSOMA") are affiliates of our firm through common control and management personnel; specifically, Mr. Joseph A. Alagna, Jr. and Mr. Stephan A. Stein, principals of our firm, are also the principals of BGA and BSOMA. BGA and BSOMA, respectively, provide investment advisory services and sponsor pooled private investment vehicles that invest and trade in securities.

Mr. Alagna and Mr. Stein are not required to devote all of their time to any of our firm, BGA or BSOMA. However, actual conflicts of interest exist with respect to Messrs. Alagna's and Stein's allocation of time to the clients of the foregoing entities as well as their allocation of investment opportunities to such clients. For example, because the compensation Messrs. Alagna and Stein receive as a result of their work for each of these entities varies in character (i.e., asset-based, performance-based, a combination of the two, etc.) and amount, they may be incentivized to allocate more of their time to one or more entities (or such entities' clients) over one or more than the other(s). Messrs. Alagna and Stein are required to act at all times in accordance with our firm's Code of Ethics (as discussed herein), and to act only from principles of fair and equitable dealing and good faith with respect to all parties.

### **Relationship with an Insurance Agency**

We are affiliated with Joseph Gunnar Agency, an insurance agency, through common control and ownership. Certain Associated Persons of our firm also act as licensed insurance agents of Joseph Gunnar Agency. Such persons will earn commission-based compensation for selling insurance products, including insurance products they may sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. Our ability to refer you to our affiliate for services and the potential for our Associated persons to receive commissions in connection with the sale of insurance products presents a conflict of interest insofar as persons providing investment advice on behalf of our firm who are also insurance agents have a financial incentive to recommend insurance products to you rather than basing such recommendations solely on your needs. While we believe the compensation charged by our affiliate to be competitive, such compensation may be higher than fees charged by other firms providing the same or similar services or products. You are under no obligation to use our affiliate's services and may obtain comparable services and/or lower fees through other firms. Our Associated Persons, including those who are licensed as insurance agents, are required to act at all times in accordance with our firm's Code of Ethics (as discussed herein), and to act only from principles of fair and equitable dealing and good faith with respect to our advisory clients.

Insurance products will not be offered to clients in any state unless the investment adviser representative is appropriately licensed to sell insurance products in that state. Specifically no investment adviser representative will be permitted to offer insurance products to clients in Pennsylvania unless he/she is licensed to do so in Pennsylvania.

### **Recommendation of Other Advisers**

We may recommend that you use a third party money manager ("TPMM"), through Envestnet Asset Management, based on your needs and suitability. As part of our due diligence process, we ensure all TPMMs recommended are properly licensed and registered. We will receive compensation from the TPMM for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPMM we recommend. We do not have any other business relationships with the recommended TPMM(s). Refer to the Advisory Business section above for additional disclosures on this topic.

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

### **Description of Our Code of Ethics**

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Our affiliates, BGA and BSOMA, serve as the Investment Adviser and Manager, respectively, to private pooled investment vehicles. These funds include: Buttonwood Select Opportunities Fund LLC, Buttonwood Select Opportunities QP Fund LLC, Buttonwood Alpha Fund LLC, Buttonwood Alpha QP Fund LLC, Buttonwood Horizon Fund LLC, Buttonwood Horizon QP Fund LLC and Buttonwood H1 Fund, LLC (collectively, the "Funds"). Clients may be solicited to invest in these Funds. Persons associated with our firm may have significant investments in the Funds. In addition, our firm, in its capacity as a broker-dealer, is paid a placement fee based on the percentage of sales proceeds from sales of the Funds. Accordingly, we may have an incentive to recommend the Funds over other investments. If you are an investor in the Funds, please refer to the Funds' respective offering documents for detailed disclosures regarding the Funds.

As discussed above, our firm shares common management personnel (Messrs. Alagna and Stein) with BGA and BSOMA, entities which respectively provide advisory services and sponsor pooled private investment vehicles (i.e., the "Funds"). Messrs. Alagna and Stein may, in their capacities as principals of BSOMA, privately offer the securities of the Funds to certain of our advisory clients. Should such clients consequently invest in any of the Fund(s), Messrs. Alagna and Stein will indirectly receive compensation as a result of their participation; specifically, such clients will be subject to certain reallocations of profits re-allocable and fees and payable to BGA and BSOMA, entities which Messrs. Alagna and Stein operate.

Although any private offering of securities either Mr. Alagna or Mr. Stein makes to any client of our firm will be done strictly in his capacity as an "agent of the issuer" (i.e., BSOMA), Mr. Alagna and Mr.

Stein will be required to simultaneously bear in mind the client's relationship to our firm and act accordingly. Specifically, by virtue being an advisory client, Messrs. Alagna and Stein, as principals of our firm, owe a fiduciary duty to any such client, generally, and will, as such and among other things, be required to consider the client's investment objectives and individual situation before and while engaging in any private offering to such client.

Additionally, individuals associated with our firm may buy or sell – for their personal account(s) - investment products identical to those purchased by clients. This practice may create a conflict of interest because we have the ability to trade ahead of clients and potentially receive more favorable prices than the clients will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over clients in the purchase or sale of securities.

#### **Investment by Our Firm and its Management in Securities Recommended to Clients**

Our firm and/or our personnel may manage accounts which belong either to themselves, individually, or to their family members (collectively, "Proprietary Accounts") while simultaneously continuing to manage the accounts of our advisory clients (including those belonging to the Funds). Such Proprietary Accounts may make investments in the same securities we recommend to client or securities in which clients are already invested. It is possible orders for securities for Proprietary Accounts may be entered opposite to orders for advisory client accounts, pursuant to, for instance, a different trading strategy, or trading at a different risk level.

Our firm and/or our personnel may also buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account(s). A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

#### **General Information about Conflicts of Interest**

The overarching principle guiding our Code of Ethics and the application thereof with respect to conflicts of interest is that the personal interest(s) of our firm and/or its management personnel should not be placed improperly before the interests of our advisory clients. More specifically, management personnel must not use their personal influence or personal relationship improperly to influence investment decisions of our clients whereby such member of management would benefit personally to the detriment of such clients or cause the clients to take action, or fail to take action, for the individual personal benefit of our firm or any member of its management rather than the benefit of the clients.

## **Item 12 Brokerage Practices**

We do not implement transactions for clients, but we do maintain a relationship with RBC Correspondent Services ("RBC"), a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation, for our Wrap Fee Program. You are free to choose any broker-dealer or other service provider. In some circumstances, where a client has not previously made custodial arrangements and asks us for a recommendation, we may suggest RBC Correspondent Services, since we believe RBC provides quality execution services at competitive prices.

**Investnet Asset Management**

If you participate in the Investnet programs, you will be required to open a brokerage account with a qualified custodian that has a relationship with Investnet. Investnet maintains relationships with several broker/dealers and qualified custodians. Since the approved custodians are dictated by Investnet and not our firm you will be required to use one of their custodians. We will not be able to offer our advisory services to you if you wish to use a custodian not included on Investnet's approved list.

**Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

**Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Aggregate Trades**

We offer discretionary and non-discretionary portfolio management services exclusively through the Joseph Gunnar & Co., Wrap Fee Program. For additional information on our portfolio management services, refer to our Appendix 1 Wrap Fee Program Brochure.

**Item 13 Review of Accounts**

John Govic, Chief Compliance Officer, will monitor the reports of any third party manager utilized. We will review your investment account(s) or your financial plan only at your request. Otherwise, we do not review or monitor your investment account(s), or your financial plan. At your request, we may meet with you and/or your third-party money manager(s) to discuss asset allocation, but we will not make recommendations regarding specific investments or provide any regular written reports to you.

**Item 14 Client Referrals and Other Compensation****Forgivable Loan**

We provide financial assistance to certain registered representatives and investment adviser representatives of our firm by establishing forgivable loans. The forgivable loans are intended to assist the registered representatives or investment adviser representatives with start-up costs for affiliated entities, transition costs and marketing. Under the terms of the forgivable loan, the loan plus accrued interest shall be forgiven, so long as no Event of Default has occurred, during the length of the loan,

which is over a five (5) year period. As we do not provide custody and clearing to our clients and our recommended custodian is RBC, the forgivable loans do not and will not in any way affect, or relate or pertain to, the custody arrangements with RBC. There is no corresponding commitment made by our registered representatives or investment adviser representatives to Joseph Gunnar or any other affiliated 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.

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Joseph Gunnar & Co. LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with RBC.

As stated above, we will share in the advisory fee you pay directly to the TPMM to whom we refer you. Please refer to the *Fees and Compensation* section above for more information. We do not compensate any individual or firm for client referrals.

We may recommend that you use a third party adviser ("TPMM") based on your needs and suitability. We will receive compensation from the TPMM for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPMM we recommend.

## Item 15 Custody

We do not take custody of your funds or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian.

The advisory fee is directly debited by the TPMM from your account through the qualified custodian holding your funds and securities. This ability to deduct our advisory fees from your accounts causes the TPMM to exercise limited custody over your funds or securities. The TPMM will deduct the advisory fee only when the following requirements are met:

- You provide the TPMM with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- An invoice is sent to you showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account

statements for accuracy.

## **Item 16 Investment Discretion**

The TPMM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire TPMM(s) and/or reallocate your assets to other TPMM(s) where we deem such action appropriate. We do not offer non-discretionary portfolio management through TPMMs.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$500 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

## **Item 19 Requirements for State Registered Advisers**

Refer to the Part(s) 2B for background information about our principal executive officers, management personnel and those giving advice on behalf of our firm.

Our firm is not actively engaged in any business other than giving investment advice that is not already disclosed above.

Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Refer to the *Performance-Based Fees and Side-By-Side Management* section above for additional information on this topic.

Our firm or a management person has been involved in the event(s) described in Item 9 above and listed below, which includes all material facts regarding the event(s):

Please see disclosures above in the *Other Financial Industry Activities and Affiliations* section regarding private pooled investment vehicles. We have no other relationship or arrangements with any issuer of securities other than the Funds disclosed above.

Joseph Gunnar has been involved and has been found liable in the following arbitration claims:



On August 30, 2002, James J. Crew and Joseph Gunnar jointly and severally were found liable in an arbitration proceeding. A monetary award was issued against James J. Crew and Joseph Gunnar jointly for \$10,000. Joseph Gunnar was found liable for \$35,300 in compensatory damages.

On October 30, 2003, Joseph Gunnar was found liable in an arbitration proceeding. A monetary award was issued against Joseph Gunnar for compensatory damages in the amount of \$121,000.

On June 9, 2003, Joseph Gunnar was found liable in an arbitration proceeding. A monetary award was issued against Joseph Gunnar for \$2,200 to claimants. Joseph Gunnar reimbursed claimants \$500 for filing fees.

On November 21, 2003, Joseph Gunnar was found liable in an arbitration proceeding. A monetary award was paid to claimants for \$61,023.

On March 17, 2002, Joseph Gunnar was found liable in an arbitration proceeding. A monetary award was paid to claimants for \$85,000 plus \$100 reimbursement of filing fee.

On June 12, 2003, Joseph Gunnar was found liable in an arbitration proceeding. A monetary award was paid to claimant for \$9,378 plus reimbursement of \$325 filing fee.

On August 1, 2008, Joseph Gunnar and Michael Camp, jointly and severally, were found liable in an arbitration proceeding. Compensatory damages of \$100,000 was awarded to claimant. The compensatory damages plus \$7,000 in costs were paid to claimant by Joseph Gunnar and Michael Camp jointly and severally.

On November 26, 2013, Joseph Gunnar was found liable in an arbitration proceeding. A monetary award was paid to claimants for \$650,772.55 plus interest and reimbursement of fees of \$23,257.27.

On May 23, 2014, Joseph Gunnar and J. Alagna were found jointly and severally liable in an arbitration proceeding. Joseph Gunnar and J. Alagna, jointly and severally paid claimant \$702,037 in compensatory damages plus interest.

### **State of California Required Disclosures**

All material conflicts of interest under CCR Section 260.238 (k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to

ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

#### **Trade Errors**

We do not execute transactions and, therefore this section does not apply.

#### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

Joseph Gunnar has been involved and has been found liable in the arbitration claims noted above.