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This brochure provides information about the qualifications and business practices of Ares Financial Consulting LLC (AresFC). If you have any questions about the contents of this brochure, please contact us at (818) 986-1479 or by email at [info@aresfinancialconsulting.com](mailto:info@aresfinancialconsulting.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. Registration does not imply a certain level of skill or training.

Additional information about Ares Financial Consulting LLC (CRD # 282852) also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

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### ANNUAL UPDATE

This Disclosure Brochure is dated April 12, 2021 and is our most current Disclosure Brochure. Under SEC Rules, AresFC is required to file an amendment to our Form ADV within 120 days of the close of our fiscal year, which is in December. If there are any updates or material changes to our information from our prior filing and Disclosure Brochure, AresFC will provide you with an updated Brochure or other ongoing disclosure information and a summary of material changes as necessary, without charge, no less than annually.

### MATERIAL CHANGES SINCE THE LAST UPDATE

This Material Changes section is intended to point out any material changes that have been made to our business and to this Disclosure Brochure since our prior Brochure, and to provide you with a summary of those material changes.

Since our prior Brochure we have made the following material changes:

AresFC has converted from a state-registered advisor to a SEC-registered advisor. Our firm's total assets under management now exceeds \$100 million, and we therefore must convert to federal registration.

### FULL BROCHURE AVAILABLE

Although we are only required to send you a summary of all material changes to our prior Disclosure Brochure, it's our practice to always send the entire ADV brochure annually and whenever we make material changes.

For questions or to request a full copy of our Brochure, please contact us at:

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## Item 4: Advisory Business

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### FIRM DESCRIPTION

Ares Financial Consulting LLC (AresFC) was founded in 2016 by Mr. Jeffrey Richter.

AresFC provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial challenges, cash flow management, tax planning, investment management, education funding, retirement planning, and estate planning. AresFC may also be hired to give educational seminars or workshops.

AresFC operates on a fee-only basis, generally a flat dollar fee for services. No commissions in any form are accepted by AresFC. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. However, the firm is affiliated with other entities, such as Ares Insurance, that offers insurance products and services through individually licensed insurance agents. Investment Advisor Representatives (IARs) of AresFC may also be individually licensed insurance agents and accept commissions for insurance sales, away from AresFC, as an outside business activity. No finder's fees are accepted at AresFC and AresFC does not benefit financially from insurance sales and services conducted by AresFC IARs away from AresFC.

AresFC does not act as a custodian of client assets. The client always maintains asset control. AresFC places trades for clients under a limited power of attorney. Clients typically grant us limited discretionary powers for trading purposes, but it's not mandatory.

An evaluation of each client's situation may be provided to the client, often in the form of a portfolio analysis report or financial plan. Frequent reviews of the assets under management occur but are not necessarily communicated to the client unless immediate changes are recommended and the IAR does not have trading discretion.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the event they should occur.

The initial meeting, which may be by telephone, is typically free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management services offered by AresFC may be beneficial to the client.

## PRINCIPAL OWNERS

Jeffrey Richter owns 100% of AresFC.

## TYPES OF ADVISORY SERVICES

AresFC generally works with clients under two types of service arrangements – Limited Scope Services and Comprehensive Services. Additionally, AresFC offers services to companies in the area of Corporate Retirement Plan Consulting.

**Limited Scope Services** – Under this arrangement, AresFC furnishes advice to clients on-demand in a limited scope. Generally, this service can be divided into two subject matters – planning advice/education and investment analysis. Possible topics for planning advice/education matters are: business owner consulting, cash flow and debt management, charitable giving strategies, college savings, employee benefits optimization (for a company or employee), educational workshops, estate planning, financial goal refinement, retirement planning, investment asset allocation and risk management, tax planning. Portfolio Analysis generally focuses on risk, performance, and fees. If applicable, an assessment report will be created and may be supplemented by a formal financial plan and/or performance reports, typically generated using a software program. In some cases, clients may hire us to spend time educating them on various financial concepts of their choosing.

**Comprehensive Services** – Under this arrangement, AresFC furnishes advice to clients both on-demand and proactively on an on-going basis. A service plan will be customized for clients based on their needs for our time and expertise. Below represents a list of services we may provide to a client under this arrangement:

- **Financial planning and advice** – The most important service we can offer to clients is to help them achieve peace of mind through proactive planning and quality advice. The following is a list of our advice offering:
  - **Management of a financial plan** - We take the time to get to know our clients' needs, wants, and desires so that we can devise a plan for them to live the life that they want. When a client comes onboard with us, a formal financial plan is created to help a client chart out their priorities and prepare for the unknown result of life and risk-taking. Ongoing updates and goal management will be provided as directed by the client.
  - **Financial Advice** – Depending on the complexity of the client's needs, we will provide advice in one or many of the following areas: retirement planning, college savings, estate planning, charitable giving, company benefits, risk

management and insurance, cash flow and debt management, and financial goal management.

- Investment advice – We will do an assessment that will help us advise you in the area of risk management and asset allocation. This will generally involve one or more meetings, an analysis of your current situation, and a risk tolerance questionnaire. AresFC will prepare an Investment Policy Statement (IPS) for the client summarizing how investment management should be handled going forward. Whether or not a client hires AresFC to manage investments, this IPS is a valuable tool to guide clients through the potential challenges of investing.
- Company Benefits – We can help clients navigate the many choices that come with working for or owning a company with employee benefits.
- **Discretionary management of investment portfolios** – AresFC will manage a client's investment accounts on a discretionary basis. This means that trades can be placed without discussing them with the client first. All portfolios are customized to match the client's Investment Policy Statement (IPS). However, investment moves that are "non-routine" would likely result in a scheduled discussion with the client before proceeding.
- **Rebalancing** – Rebalancing is a service to make sure a client's portfolio stays within the bounds of their Investment Policy Statement (IPS). There are two types of rebalancing offered by AresFC:
  - **Basic** – AresFC will rebalance at an account level only, once a year in frequency. This is appropriate for clients with only one or two investment accounts and a relatively simple IPS. This is the default option if Enhanced Rebalancing is not elected in the client service agreement.
  - **Enhanced** – AresFC will look for household level optimizations and rebalance up to four times a year. This is appropriate for clients in a high tax bracket, over two investment accounts and a more complex IPS.
- **Formal review meetings** – Clients will be entitled to a formal annual review meeting but may choose to have more frequent meetings. The number of meetings per year will be agreed upon in the AresFC Client Service Agreement. AresFC offers to hold client meetings in person (at one of our offices or at another mutually agreed upon location), over the phone, or over the internet via web-meeting.
- **Telephone and email access to advisory team** – Things come up during the year in between formal meetings. AresFC is dedicated to respond to client requests and questions in a timely manner throughout the year.
- **Access to and management of non-commission insurance products** – Insurance is a key component of a comprehensive financial plan. AresFC has access to products that do not pay a commission and may provide an advantage for the client over commission-



based insurance products. AresFC helps clients understand their insurance needs, assists in the purchasing process, and assists with the ongoing management needs of the insurance products owned by the client.

- **Access to non-commission alternative investment products** – Alternative investments may be desired by the client and/or presented by AresFC. By accessing these investments through AresFC, clients may gain an advantage over commission-based products, typically in the form of a discounted purchase price, a share class with lower internal costs, or an increase in the number of shares bought for the same investment amount.
- **Business owner consulting** – Clients that are business owners may wish to consult with AresFC on a wide variety of issues pertaining to running a business. AresFC consultants will have varying degrees of experience working with businesses of different sizes and in different industries. This consulting service may be appropriate when AresFC can leverage the firm's cumulative experience and expertise to advise on operational or economic efficiencies for the client's business.
- **Online tools**
  - Subscription to the AresFC monthly newsletter and other timely articles proactively sent by AresFC
  - Online access to financial plan and planning modules
  - Client portal with access to consolidated client account information, performance reporting tools, and a secure document vault

Note: AresFC does not typically provide investment management services as a stand-alone service. We believe that successful management of a portfolio is directly tied to the client's goals and circumstances (i.e. their financial plan). Only under special circumstances will an exception be made (see Investment-Only Services section).

**Corporate Retirement Plan Consulting** – Under this arrangement, AresFC provides consulting services for companies with regards to their retirement plan benefits. Services are tailored to the needs of the client and may include the following services:

**Fiduciary Services:**

- Review Plan and recommend Plan vendors

**Non-Fiduciary Services:**

- Provide educational presentations to participants, either in person, via conference call, or via webinar.

- During established times (“Office Hours”), advisor will (in person or by telephone) respond to general questions from participants regarding Plan features, general investment concepts (but in no event will AresFC or the Investment Adviser Representative provide investment advice to participants), or general financial planning concepts.
- Manage the implementation of changes in Plan design and/or investment options as directed by the Plan Sponsor, but in no event will AresFC or the Investment Adviser Representative provide any advice with respect to selection of investment options for the Plan or otherwise provide advice with respect to performance of investment options.

AresFC acknowledges its role as a fiduciary under the Employee Retirement Income Security Act (“ERISA”) as it pertains to the Fiduciary Services performed above.

Neither AresFC nor the Investment Adviser Representative shall render “investment advice” to the Plan or participants in the Plan, including without limitation investment advice under ERISA § 3(21) or ERISA § 3(38), advice regarding investment policies or strategy or the allocation of assets among the options in the Plan. Further, neither AresFC nor the Investment Adviser Representative is responsible for plan administration.

In performing the Non-Fiduciary Services above, AresFC is not acting as a fiduciary of the Plan as defined in ERISA. These services, which are outside the scope of “investment advice”, include the dissemination of plan information or general financial, investment and retirement information.

In performing both Non-Fiduciary Services and Fiduciary Services, AresFC does not act as, nor has AresFC agreed to assume the duties of a trustee or the Plan Administrator, as defined in ERISA.

**Investment-Only Services** – Under this arrangement, AresFC operates solely as an investment advisor to clients. Although a suitability review is performed to establish client investment objectives and parameters for which accounts will be managed, formal financial planning is not part of this service. Clients in this situation who wish to add additional services with AresFC may opt to engage AresFC for financial planning separately, for an additional fee, or convert to a Comprehensive Services plan. The portfolio’s assets will be held in the American Funds F-2 share account(s) at Capital Bank and Trust Company (CB&T), who serves as account custodian. This service is primarily for legacy clients, of investment adviser representatives who join AresFC, who already have accounts at CB&T and have previously paid an up-front fee to purchase mutual funds prior to engaging AresFC. Upon engaging AresFC, any client assets not held in F-2 shares will be converted to this new share class.

## TAILORED RELATIONSHIPS

AresFC has a duty of utmost good faith to act solely in the best interest of each of its clients. AresFC utilizes model-based portfolios that match various levels of portfolio risk. Often times, clients will be placed into those pre-constructed (but not static) models per their stated goals and risk tolerance. If applicable, investment policy statements may be created that reflect each clients' unique objectives and preferences outside of the model portfolios. Clients may impose restrictions on investing in certain securities or types of securities.

AresFC does not participate in wrap fee programs.

Agreements may not be assigned without prior written client consent.

## ASSETS UNDER MANAGEMENT

As of April 9, 2021, AresFC manages \$101,000,000 in discretionary assets for 594 accounts and \$0 in non-discretionary assets for 0 accounts.

## ASSET MANAGEMENT

Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus (reflected in the expense ratio). Discount brokerages may charge a transaction fee for the purchase and sale of some funds.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual fund shares), U. S. government securities, alternative assets, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through AresFC, but may be available directly through the discount broker.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. AresFC does not receive any compensation, in any form, from fund companies.

## TERMINATION OF AGREEMENT

A Client or AresFC may terminate any of the aforementioned arrangements at any time with written notice. A final invoice will be generated based on the number of earned days (annualized fee divided by 365 X earned days) or hours worked if a fixed fee arrangement

exists. If the client's fees are invoiced in advance, the calculated un-earned fee will be refunded within 30 days and any completed work will be delivered to the client.

Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing, the client agreement may be terminated by the client within five business days of signing the contract without incurring any advisory fees.

## FINANCIAL PLANNING CONFLICT OF INTEREST STATEMENT

In the case where a client is receiving financial planning advice and insurance is part of the conversation, it is possible that a conflict exists between the interests of the investment advisor and the interests of the client (if the insurance products mentioned are commission-based). Our clients are under no obligation to act upon the investment advisor's recommendations and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment advisor or its affiliates. In the case where a client purchases insurance and a commission is paid to an AresFC Investment Advisor Representative through their approved Outside Business Activity, an AresFC advisory fee will not be permitted to be charged to the client in addition to the commission for selling and/or managing the policy. AresFC investment adviser representatives will recommend non-commissionable insurance products, when available and suitable.

## Item 5: Fees and Compensation

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### DESCRIPTION

AresFC primarily charges flat dollar fees for services. In some cases, clients may be charged hourly for limited scope services. Some asset-based fee arrangements exist under a Corporate Retirement Consulting service agreement or an Investment-Only service agreement. We do NOT accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

All Fees are NEGOTIABLE.

### FEE BILLING

AresFC does not have a minimum fee policy. Some legacy client relationships may exist where the fees are lower than currently being charged to new clients. Although the firm does not generally charge fees based on assets, for regulatory purposes, the client fee will not exceed 2% of total assets under management, including discretionary and non-discretionary assets

managed under a Comprehensive Services agreement. An exception to this rule is possible where AresFC has access to a client's brokerage accounts mainly for convenience to the client and active management of the investment portfolio is not the primary reason for hiring AresFC.

### **Limited Scope Services**

AresFC offers two fee options for limited scope work – hourly and fixed fee. The hourly rate is generally \$500 per hour and is billed monthly for services performed in the prior month. A fixed fee arrangement would depend on the scope of the work, generally estimated to be anticipated number of hours times the hourly rate. If the fixed rate is over \$2000, fees are billed 50% in advance, with the balance due upon delivery. At no time will the advance payment be held for six months or more if it exceeds \$500. The hourly rate is negotiable and may be lower than the stated rate (minimum of \$150/hr), depending on the advisor's experience level.

### **Comprehensive Services**

AresFC offers customized value-based pricing based on the scope of services being rendered (see Item 4, Types of Advisory Services for a description of the various services). AresFC does not base its fees on time but on our own professional assessment of the intensity of client servicing efforts, the responsibility AresFC is assuming, our expertise and training, the complexity of the services, and the results AresFC is working to achieve. AresFC seeks to obtain outstanding results for clients for a fee that the client will feel fairly values the services being provided. Comprehensive Services fees are either billed quarterly or monthly, in arrears, and clients can terminate the arrangement at any time.

For new clients, an additional \$1000 may be added to the ongoing annual fee for the first year only. This additional fee, invoiced in the first quarter, is for the time spent with the client in establishing an initial financial plan and investment policy. Subsequent years of service generally revolve around maintenance and guidance activities and thus have a lower fee. The additional fee may be waived for clients who have previously hired us in a limited capacity to put together a financial plan. The fee is subject to the same termination rules as the ongoing quarterly fees.

### **Corporate Retirement Plan Consulting**

AresFC customizes services to the needs of the client and thus fees may greatly vary. Generally, there are two components to the fee - a base fee and a per/participant fee. The base fee starts at \$250/quarter, but may be greater if the client requires extensive administrative support and would be calculated at the firm's hourly rate (see Project Work above). The participant fee starts at \$25/quarter but may be reduced if less in-person service is necessary (for example,

web-based interaction with participants). On new plans, an additional fee of \$1500 in the first year will apply to cover the costs of plan design and the vendor due diligence process. This fee will be invoiced in the first quarter and is subject to the same termination rules as the ongoing quarterly fees. This fee may be waived or reduced if either or both of those initial services are not necessary. Fixed fees are generally invoiced quarterly in arrears.

If asset-based pricing is being used, a tiered fee schedule is used as follows:

0.75% on first \$500,000  
0.50% on next \$500,000  
0.25% above \$1,000,000

Asset-based fees are calculated in arrears.

### **Investment-Only Services**

The portfolio's assets will be held in the American Funds F-2 share account(s) at Capital Bank and Trust Company (CB&T), who serves as custodian. AresFC offers this service primarily for legacy clients, of investment adviser representatives who join AresFC, who already have accounts at CB&T and have previously paid an up-front fee to purchase mutual funds prior to signing up with AresFC. AresFC receives a fee equal to **25 basis points (0.25%)** of the account(s) assets, paid quarterly in arrears from the account(s). Class F-2 shares are designed for investors who choose to compensate their financial professional based on the total assets in their portfolios, rather than commissions or sales charges. Class F-2 shares do not have an up-front or a contingent deferred sales charge (CDSC) and do not carry a 12b-1 fee. Clients that don't already have F-2 shares will be converted after signing with AresFC. This conversion will generally have a net cost of American Funds ownership that is equal to or significantly lower than the pre-conversion account.

For new clients, an additional \$250 will be added to the ongoing annual fee for the first quarter only. This additional fee, invoiced in the first quarter, is for the time spent with the client in establishing an initial set of goals and investment parameters beyond basic suitability. Subsequent years of service generally revolve around maintenance and investment-only activities and thus have a lower fee. The additional fee may be waived for clients who have previously hired us in a limited capacity to put together a financial plan or simply do not require the extra time from the investment advisor representative at the commencement of the relationship. The fee is subject to the same termination rules as the ongoing quarterly fees.

AresFC believes that the fees charged for the above services are reasonable. However, lower fees for comparable services may be available from other sources.

## OTHER FEES

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

## EXPENSE RATIOS

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to AresFC.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted. All fees and expenses associated with mutual fund companies and the ownership of their shares are described in the funds' prospectus. Clients are urged to read the fund prospectus carefully before investing to insure you understand all of the associated fees and expenses.

## PAST DUE ACCOUNTS AND TERMINATION OF AGREEMENT

AresFC reserves the right to stop work on any account that is more than 60 days overdue. In addition, AresFC reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in AresFC's judgment, to providing proper financial advice.

Fees are generally invoiced in arrears. Upon termination, a final invoice will be generated based on the number of earned days into the quarter (annualized fee divided by 365 X earned days) or hours worked if a fixed fee arrangement exists. If the client's fees are invoiced in advance, the calculated un-earned fee will be refunded within 30 days.

All Fees are NEGOTIABLE.

## Item 6: Performance-Based Fees

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### SHARING OF CAPITAL GAINS

Our Fees are not based on a share of the capital gains or capital appreciation of managed securities.

AresFC does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Item 7: Types of Clients

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### DESCRIPTION

AresFC generally provides advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations and business entities. Client relationships vary in scope and length of service.

### ACCOUNT MINIMUMS

AresFC does not have a minimum account size.

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

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### METHODS OF ANALYSIS AND INVESTMENT STRATEGY

AresFC's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. AresFC's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. AresFC recommends diversified portfolios, principally through the use of managed, asset class mutual funds. AresFC selects or recommends to clients portfolios of securities, principally broadly-traded open end mutual funds or conservative fixed income securities to implement this investment strategy.



Although all investments involve risk, AresFC investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in conservative fixed income securities to represent the fixed income class. AresFC's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs that AresFC's strategy seeks to minimize.

In the implementation of investment plans, AresFC therefore primarily uses mutual funds and, as appropriate, portfolios of conservative fixed income securities. AresFC may also utilize Exchange Traded Funds (ETFs) to represent a market sector.

Clients may hold or retain other types of assets as well, and AresFC may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

AresFC's strategies generally do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

AresFC receives supporting research from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). AresFC utilizes primarily DFA mutual funds in client portfolios. DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. DFA provides access to historical market analysis, risk/return analysis, and continuing education benefits to AresFC.

## ANALYSIS OF A CLIENT'S FINANCIAL SITUATION

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, AresFC relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, AresFC may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

## RISK OF LOSS

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

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

in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

- Performance of Underlying Managers: We select the mutual funds and ETFs in the asset allocation models. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy. In addition, mutual funds are subject to some or all of the above risk factors.

## Item 9: Disciplinary Information

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### LEGAL AND DISCIPLINARY

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Item 10: Other Financial Industry Activities and Affiliations

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### FINANCIAL INDUSTRY ACTIVITIES

AresFC is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

Employees and Investment Advisor Representatives (IAR) may be licensed to sell insurance and be approved to do so as an Outside Business Activity (OBA). AresFC is not an insurance agency/brokerage nor does it receive any commissions for insurance-based activities. Ares Insurance, an affiliate of AresFC, is an insurance brokerage and conducts business under a Property & Casualty insurance license. There is no common ownership between AresFC and Ares Insurance. However, the owners of both companies are related by marriage. Arrangements for selling under a Life & Health insurance license are set up by the employee or IAR outside AresFC and Ares Insurance. If clients of the firm are sold insurance by licensed individuals who are also working for AresFC or by Ares Insurance, the disclosure of the potential conflict of interest is discussed in Item 19 of this document. In the case where a client purchases insurance and a commission is paid to an AresFC IAR through their approved OBA, an AresFC advisory fee for advice and/or management of the policy will not be permitted to be charged to the client in addition to the commission.

## AFFILIATIONS

James Pickett (aka Jep) is the owner of Provident Financial Consulting, a CPA firm in Newport Beach, CA. He does not have signatory authority over any client's checking account.

AresFC also refers insurance business to its affiliate, Ares Insurance Brokerage, when applicable. AresFC and Ares Insurance share office space and have similar marketing intellectual property, including the logo. While the two companies do not pay referral fees to each other, there is a potential conflict of interest for AresFC to refer to Ares Insurance since the revenues would be within the extended family.

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

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### CODE OF ETHICS

AresFC has adopted a Code of Ethics (the "Code") that is designed to ensure that all employees adhere to high standards of ethical conduct. The Code states that the firm and all our employees must adhere to the impartial conduct standards and act in the best interest of the client at all times. It also states that employees should avoid any practice that creates or appears to create a material conflict of interest that could potentially harm a client.

In addition, the AresFC Code of Ethics requires, among other things, that employees do the following:

- Submit their personal and related trading accounts to the Compliance Department for review.
- Refrain from purchasing Initial Public Offerings (IPOs).
- Refrain from trading on insider information.
- Get approval prior to purchasing a private placement.
- Comply with ethical restraints, including restrictions on giving and receiving gifts.
- Report any conduct that could potentially harm a client.

AresFC has also adopted supervisory procedures that are designed to detect the following abusive behavior:

- Front-running, or trading ahead or opposite clients
- Trading that appears to be based on insider information
- Short-term or day trading
- Trading during designated SMH blackout periods

Any officer or employee of the firm who fails to observe the AresFC Code of Ethics risks serious sanctions, including personal liability and/or termination of employment.

## **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

AresFC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. We have adopted procedures relating to personal securities transactions, insider trading and internal trading that are designed to prevent client harm resulting from this conflict of interest.

## **PERSONAL TRADING**

The Chief Compliance Officer of AresFC is Jeffrey Richter. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets. However, if an infraction is encountered, steps will be taken to give clients the more advantageous trade price.

## **Item 12: Brokerage Practices**

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### **SELECTING BROKERAGE FIRMS**

Custodial recommendations are made to Clients based on their need for such services. Recommendations are based on the proven integrity and financial responsibility of the firm as well as the execution quality of orders at reasonable commission rates.

AresFC generally recommends discount brokerage firms and trust companies (qualified custodians), such as TD Ameritrade and Charles Schwab.

AresFC DOES NOT receive fees or commissions from these arrangements.

### **BEST EXECUTION**

AresFC reviews the trade execution quality and costs of each custodian in which AresFC recommends to its clients semi-annually. This is done by comparing the trade price from the custodian to a third-party data source (Yahoo Finance, for example). AresFC does not receive any portion of the custodians' trading fees or expenses.

## SOFT DOLLARS

AresFC has a relationship with TD Ameritrade and Charles Schwab. While there is no direct linkage between the advice given and the recommendation of TD Ameritrade or Charles Schwab as a custodian, economic benefits are received from the existence of this relationship. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements, access to a trading desk serving institutional clients exclusively, ability to have investment advisory fees deducted directly from clients' accounts, access to an electronic communication network for client order entry and account information, access to account rebalancing tools, access to free/discounted software systems such as DocuSign, Kwanti, and MoneyGuidePro, receipt of compliance publications, and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

Dimensional Fund Advisors, Inc., a mutual fund firm, provides the firm free educational seminars, access to the latest economic research and software to analyze the fixed and equity markets. These services are designed to assist AresFC with continuing education and business growth.

While AresFC and its associated persons, endeavor at all times to put the best interests of the clients first as part of our fiduciary duty, clients should be aware that the receipt of any direct or indirect compensation or non-compensation benefits in itself creates a potential conflict of interest.

## ORDER AGGREGATION

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit. AresFC does not aggregate trades.

## Item 13: Review of Accounts

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### PERIODIC REVIEWS

Account reviews are performed at least annually by the advisory team. Reviews may be in person, over the phone, or via web meeting and typically last between one and two hours.

The review process contains the following elements:

- Assessing client goals and objectives. This includes updating the client's financial plan if necessary.

- Review of the portfolio, both in terms of historical performance and addressing any rebalancing needs
- Review of tax, estate, insurance, cash reserves, debt, long term care, and corporate benefits planning.

## REVIEW TRIGGERS

Additional account reviews may be triggered by the following events:

- A specific client request
- New investment information
- Changes in a client's own personal situation or investment objective
- Market and economic conditions
- Changes in the tax laws

This list is not exhaustive. AresFC advisors try to proactively touch base with clients more often than annually, but clients are expected to let the firm know of any changes in their situation that may impact the way the accounts are managed.

## REGULAR REPORTS

Clients will receive an annual written report summarizing their itemized and aggregate value of portfolio holdings including cash. Per the AresFC client agreement, clients may elect to access this, and any other periodic reports (such as quarterly performance reports) electronically in lieu of hard copies. These electronic reports will be posted to the client portal by way of Black Diamond (by Advent Software, Inc), AresFC's third party reporting software. A username and password are required for access to the client portal. AresFC does not retain password information on its systems. Upon request, AresFC will furnish any reports in hard copy format.

Clients also have online access to their account statements at the custodian as well as their financial plan through the financial planning software the firm uses.

## Item 14: Client Referrals and Other Compensation

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### INCOMING REFERRALS

AresFC has been fortunate to receive many client referrals over the years. The referrals come from current clients, Ares Insurance Brokerage, estate planning attorneys, accountants,

employees, personal friends of employees and other similar sources. The firm does not compensate non-employee referring parties for these referrals.

AresFC has an IAR that also owns a CPA firm which may refer clients to AresFC. This firm, also disclosed in Item 10 of this document, as well as the firm's ADV Part 2B, is as follows:

- Provident Financial Consulting LLC

## REFERRALS OUT

AresFC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## Item 15: Custody

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### ACCOUNT STATEMENTS

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

### PERFORMANCE REPORTS

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by AresFC.

### SAFEGUARDS

AresFC withdraws advisory fees directly from clients' accounts but is not deemed to have "custody" of clients' funds. AresFC follows the safeguards below:

- The investment adviser has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.
- The investment adviser has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.
- Each time a fee is directly deducted from a client account, the investment adviser concurrently:
  - Sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and
  - Sends the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee,



and, if applicable, the amount of assets under management on which the fee was based. Also, the Adviser will include the name of the custodian(s) on your fee invoice. The Adviser will send these to the client concurrent with the request for payment or payment of the Adviser's advisory fees. We urge the client to compare this information with the fees listed in the account statement.

## **Item 16: Investment Discretion**

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### **DISCRETIONARY AUTHORITY FOR TRADING**

AresFC may accept discretionary authority to manage securities accounts on behalf of clients. AresFC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, AresFC consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. AresFC does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you may have approved in writing.

### **LIMITED POWER OF ATTORNEY**

Clients will sign a limited power of attorney as a part of the custodial account agreement so that we may execute the trades that correspond to the agreed upon investment strategy.

## **Item 17: Voting Client Securities**

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### **PROXY VOTES**

AresFC does not vote proxies on securities on behalf of AresFC clients. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, AresFC will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Item 18: Financial Information

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### FINANCIAL CONDITION

AresFC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

As stated previously, AresFC does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$500 per client six months or more in advance.

## Business Continuity Plan

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### GENERAL

AresFC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### DISASTERS

The Business Continuity Plan covers natural disasters such as earthquakes, hurricanes, tornados, flooding, wildfires, and pandemics. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident, cyber or ransomware events, and aircraft accident. Electronic files are backed up daily and archived offsite.

### ALTERNATE OFFICES

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

### LOSS OF KEY PERSONNEL

AresFC is in the process of building a Business Continuation Plan Agreement with another financial advisory firm to support AresFC in the event of key members' serious disability or sudden death.

A full copy of the firm's Business Continuity Plan can be requested by clients using the following methods:

By email: [info@aresfinancialconsulting.com](mailto:info@aresfinancialconsulting.com)

By mail: 14140 Magnolia Blvd, Sherman Oaks, CA 91423

## Information Security Program

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### INFORMATION SECURITY

AresFC maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### PRIVACY NOTICE

AresFC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to you annually, in writing.



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## Brochure Supplement – Part 2B of Form ADV

April 9, 2021

### **Supervised Persons**

Jeffrey T. Richter – CRD 5156185

James E. Pickett – CRD 2666576

Nils R. Wickman – CRD 4798286

This brochure supplement provides information about Jeffrey T. Richter, James E. Pickett, and Nils R. Wickman that supplements the Ares Financial Consulting LLC (AresFC) brochure. You should have received a copy of that brochure. Please contact us at the above phone number and/or email address if you did not receive AresFC's brochure or if you have any questions about the contents of this supplement.

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

## **EDUCATION AND BUSINESS STANDARDS**

AresFC requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: CFP®, CFA, AAMS®, MBA, or CPA/PFS. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

## **PROFESSIONAL CERTIFICATIONS**

Employees have earned certifications and credentials that are required to be explained in further detail.

### **Certified Public Accountant (CPA)**

CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy has adopted the AICPA's Code of Professional Conduct within their state accountancy laws or has created their own.

### **Certified Financial Planner (CFP)**

Issued by: Certified Financial Planner Board of Standards, Inc.

Prerequisites/Experience Required: Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience

Educational Requirements: Candidate must complete a CFP-board registered program, or hold one of the following:

- CPA
- ChFC
- Chartered Life Underwriter (CLU)
- CFA
- Ph.D. in business or economics
- Doctor of Business Administration
- Attorney's License

Examination Type: CFP Certification Examination

Continuing Education/Experience Requirements: 30 hours every 2-years

### **Accredited Asset Management Specialist (AAMS®)**

Individuals who hold the AAMS® designation have completed a course of study encompassing investments, insurance, tax, retirement, and estate planning issues. The program is designed for approximately 120-150 hours of self-study. The program is self-paced and must be completed within one year from enrollment. The certification is administered by the College for Financial Planning.

### **Certified Plan Fiduciary Advisor (CPFA)**

The Certified Plan Fiduciary Advisor (CPFA) credential – developed by some of the nation's leading advisors and retirement plan experts – demonstrates the knowledge, expertise and commitment to working with retirement plans. Plan advisors who earn their CPFA demonstrate the expertise required to act as a plan fiduciary or help plan fiduciaries manage their roles and responsibilities. The certification is administered by the National Association of Plan Advisors (NAPA).

## **Jeffrey T. Richter, AAMS®, CPFA - Founder & CEO**

Born in 1979

### **Education:**

Bachelor of Science Degree in Computer Science, Northwestern University, 2001  
Passed the Series 66 Exam in December 2006.

### **Business Experience (past five years):**

Founder and CEO, Ares Financial Consulting (since January 2016)

### **Disciplinary Information:**

Jeffrey T. Richter does not have any legal or disciplinary events.

### **Other Business Activities:**

Independent Insurance Broker - Mr. Richter conducts his insurance broker business as a sole proprietor. This Activity takes up approximately 10-15 hours/week. The website [www.richterins.com](http://www.richterins.com) and email address [jeff@richterins.com](mailto:jeff@richterins.com) are used in connection with this entity.

Per the firm's Form ADV 2A, in the case where a client is receiving financial planning advice and insurance is part of the conversation, it is possible that a conflict exists between the interests of the investment advisor and the interests of the client (if the insurance products mentioned are commission-based). Clients are under no obligation to act upon the investment advisor's recommendations and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment advisor or its affiliates.

### **Additional Compensation:**

None

### **Supervision:**

Jeffrey is a principal of AresFC and is responsible for his own supervision in accordance with the firm's Code of Ethics. Jeff may be contacted by phone at 818-986-1479 or by email at [jeff@aresfin.com](mailto:jeff@aresfin.com)

### **Additional disclosure items:**

Jeffrey T. Richter has not been involved in any of the following:

- Arbitration Claims
- Civil, Self-Regulatory Organization or Administrative Proceeding
- Bankruptcy Petition



## **James E. Pickett, CFP®, PFS, CPA**

Born in 1966

### **Education:**

Bachelor of Arts in Business Economics, University of California Santa Barbara, 1989

Passed the Series 65 Exam in September 1995

### **Business Experience (past five years):**

Prior to Ares Financial Consulting LLC, James has been an Investment Advisory Representative working under his own RIA, Financial Advocates LLC (01/2004-12/2018)

In addition, he owns and operates a CPA firm called Provident Financial Consulting Inc (06/2015-present. Prior to forming Provident Financial Consulting Inc, he was a partner with Financial Advocates LLP (01/2003-06/2015)

### **Disciplinary Information:**

James E. Pickett does not have any legal or disciplinary events.

### **Other Business Activities:**

Provident Financial Consulting Inc. ("Provident") – Provident may recommend AresFC to accounting clients in need of advisory services. AresFC may recommend Provident to advisory clients in need of accounting services. Accounting services provided by Provident are separate and distinct from the advisory services of AresFC, and are provided for separate and typical compensation. There are no referral fee arrangements between AresFC and Provident for these recommendations. No AresFC client is obligated to use Provident for any accounting services. Provident accounting services do not include the authority to sign checks or otherwise disburse funds on any Advocates advisory client's behalf. Mr. Pickett will spend a substantial majority of his business time on the accounting practice.

Southern California Labrador Retriever Rescue, Inc. (SCLRR) – Mr. Pickett is on the board of SCLRR and is acting Treasurer. He spends about two hours per week assisting the firm with accounting.

### **Additional Compensation:**

None

### **Supervision:**

James E. Pickett is an IAR of AresFC and is supervised by Jeffrey Richter, the firm's Chief Executive Officer. Jeffrey monitors James' personal trades in accordance with the firm's Code of Ethics. Jeffrey may be contacted by phone at 818-986-1479 or by email at jeff@aresfin.com.

### **Additional disclosure items:**

James E. Pickett has not been involved in any of the following:

- Arbitration Claims
- Civil, Self-Regulatory Organization or Administrative Proceeding
- Bankruptcy Petition

## **Nils R. Wickman, CFP®**

Born in 1980

### **Education:**

Bachelor's Degree in Business, University of Minnesota, 2003

Passed the Series 66 Exam in August 2004

### **Business Experience (past five years):**

Prior to Ares Financial Consulting LLC (2017-present), Mr. Wickman was a Registered Representative with Ameritas Investment Corp (2014-2017)

### **Disciplinary Information:**

Nils R. Wickman does not have any legal or disciplinary events.

### **Other Business Activities:**

Independent Insurance Broker - Mr. Wickman conducts his insurance broker business as a sole proprietor. This Activity takes up approximately 2 - 5 hours/week.

Per the firm's Form ADV 2A, in the case where a client is receiving financial planning advice and insurance is part of the conversation, it is possible that a conflict exists between the interests of the investment advisor and the interests of the client (if the insurance products mentioned are commission-based). Clients are under no obligation to act upon the investment advisor's recommendations and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment advisor or its affiliates.

Urban Grace Church – Mr. Wickman serves at the Planned Giving Director at his local church. His duties include answering questions regarding planned giving and referring them to professionals to assist with planning and execution (lawyers, e.g.). This Activity takes up approximately 1 hour/week.

Tacoma Public Schools – Mr. Wickman is a part-time teacher with Tacoma Public Schools. Duties include teaching a single class of financial literacy - focused topics on relationship with money, budgeting, credit, taxes, fundamentals of investments, employment, basic insurance. This Activity takes up approximately 1 hour/week.

253 Youth Ultimate Program – Mr. Wickman serves on the advisory committee for this program. His duties include monthly meetings, grant research, hosting information tables, and working with youth. This Activity takes up approximately 1-2 hour/week.

### **Additional Compensation:**

Rental Income – Approximately \$800-1000/month

### **Supervision:**

Nils R. Wickman is an IAR of AresFC and is supervised by Jeffrey Richter, the firm's Chief Executive Officer. Jeffrey monitors Nils' personal trades in accordance with the firm's Code of Ethics. Jeffrey may be contacted by phone at 818-986-1479 or by email at jeff@aresfin.com.

**Additional disclosure items:**

Nils R, Wickman has not been involved in any of the following:

- Arbitration Claims
- Civil, Self-Regulatory Organization or Administrative Proceeding
- Bankruptcy Petition