

# Richard Cerminara Investor Services

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Richard Cerminara Investor Services. If you have any questions about the contents of this brochure, please contact us at (518) 891-3355 or by email at: richard@rcisria.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Richard Cerminara Investor Services is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Richard Cerminara Investor Services's CRD number is: 311072.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Richard Cerminara Investor Services has not yet filed an annual updating amendment using the Form ADV Part 2A. Therefore, there are no material changes to report.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Richard Cerminara Investor Services (hereinafter “RCIS”) is a Corporation organized in the State of New York. The firm was formed in October 2020, and the principal owner is Richard Cerminara.

### B. Types of Advisory Services

#### *Portfolio Management Services*

RCIS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. RCIS obtains information from each client concerning the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

RCIS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. RCIS will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

RCIS seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of RCIS's economic, investment or other financial interests. To meet its fiduciary obligations, RCIS attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, RCIS's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is RCIS's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

RCIS has a relationship with Orion Portfolio Solutions, LLC, a registered investment adviser, to use its individual account management platform. Through the platform, RCIS may either manage client assets itself or may select third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, RCIS will always ensure those other advisers are properly licensed or registered as an investment adviser. RCIS conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment

strategy. RCIS will review the ongoing performance of the third-party adviser.

### ***Services Limited to Specific Types of Investments***

RCIS generally limits its investment advice to mutual funds, equities, and insurance products including annuities, although RCIS primarily recommends mutual funds. RCIS may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

RCIS will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by RCIS on behalf of the client. RCIS may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

## **D. Wrap Fee Programs**

RCIS acts as portfolio manager in a wrap fee program sponsored by Orion Portfolio Solutions. A wrap fee program is an investment program in which fees are not based directly upon transactions in the clients account. Clients should also review Orion's separate Wrap Fee Program Brochure. RCIS solely manages client accounts via the wrap fee program. RCIS receives the advisory fee set forth in Item 5 below as a management fee under the wrap fee program.

## **E. Assets Under Management**

RCIS has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$25,101,567.00	\$0.00	December 2020

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Portfolio Management Fees***

Total Assets Under Management	Annual Fees
All Assets	1.00%

RCIS uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of RCIS's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

Clients will also pay an administrative fee to Orion Portfolio Solutions based on the assets in the client's account. Clients may also pay maintenance and other fees to Orion. The advisory fee of RCIS and Orion's fees will be set forth in an addendum to the client's account agreement with the custodian. Should RCIS select any third-party investment advisers to manage all or a portion of the client's account, the third-party advisers fee will also be set forth in the addendum. The third-party adviser's fee will be in addition to the advisory fee of RCIS and Orion's administrative fee. The total advisory fee charged by RCIS and the third-party adviser will not exceed any limit imposed by any regulatory authority.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. The client instructs the custodian as to the advisory fee rate via the addendum to the client's agreement with the custodian. Fees are paid monthly in arrears. The monthly fee will be 1/12% multiplied by the market value of the client's assets under management as of the valuation date.

## **C. Client Responsibility For Third Party Fees**

Clients do not pay fees directly based on transactions in their account. As described above in Item 4D, clients pay an administrative fee to Orion Portfolio Solutions based on the assets in the client's account. This includes fees on transactions executed in the client's account. Certain other fees are not included in Orion's administrative fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, account transfer/closure fees, and other fees and taxes on brokerage accounts and securities transactions.

## **D. Prepayment of Fees**

RCIS collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither RCIS nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

RCIS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

RCIS generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

There is no account minimum for any of RCIS's services.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

RCIS's methods of analysis include Modern portfolio theory.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

#### ***Investment Strategies***

RCIS uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### *Methods of Analysis*

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.



Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither RCIS nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither RCIS nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Richard Cerminara is a licensed insurance agent with United Healthcare, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. RCIS always acts in the best interest of the client; including the sale of commissionable products

to advisory clients. Clients are in no way required to utilize the services of any representative of RCIS in connection with such individual's activities outside of RCIS.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

RCIS may select clients to third-party investment advisers to manage all or a portion of the client's assets. Clients will pay RCIS its standard fee in addition to the standard fee for the advisers to which it directs those clients. The total fees will not exceed any limit imposed by any regulatory agency. RCIS will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. RCIS will ensure that all recommended advisers are licensed or notice filed in the states in which RCIS is recommending them to clients.

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

#### **A. Code of Ethics**

RCIS has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. RCIS's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

RCIS does not recommend that clients buy or sell any security in which a related person to RCIS or RCIS has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of RCIS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of RCIS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. RCIS will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of RCIS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of RCIS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, RCIS will never engage in trading that operates to the client's disadvantage if representatives of RCIS buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on RCIS's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and RCIS may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in RCIS's research efforts. RCIS will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

RCIS will require clients to use TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC.

#### ***1. Research and Other Soft-Dollar Benefits***

RCIS receives no soft dollar benefits from a broker-dealer in connection with transactions in client accounts. RCIS does however receive economic benefits from TD Ameritrade as described below in Item 14.

#### ***2. Brokerage for Client Referrals***

RCIS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

RCIS will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If RCIS buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, RCIS would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. RCIS would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for RCIS's advisory services are reviewed at least annually by Richard Cerminara, President and Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of RCIS's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

RCIS participates in the institutional advisor program (the "Program") offered by TD Ameritrade. TD Ameritrade offers to independent investment advisor services which include custody of

securities, trade execution, clearance and settlement of transactions. RCIS receives economic benefits from TD Ameritrade through its participation in the Program.

There is no direct link between RCIS's participation in the Program and the investment advice it gives to its clients, although RCIS receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving RCIS participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have RCIS's fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to RCIS by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by RCIS's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit RCIS but may not benefit its client accounts. These products or services may assist RCIS in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help RCIS manage and further develop its business enterprise. The benefits received by RCIS or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, RCIS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by RCIS or its related persons in and of itself creates a conflict of interest and may indirectly influence the RCIS's choice of TD Ameritrade for custody and brokerage services.

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

RCIS does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

RCIS does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the client's custodian. Clients will receive account statements from the custodian and should carefully review those statements.

### **Item 16: Investment Discretion**

RCIS provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, RCIS generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to

be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, RCIS's discretionary authority in making these determinations may be limited by conditions imposed by a client in investment guidelines or objectives, or client instructions otherwise provided to RCIS.

## **Item 17: Voting Client Securities (Proxy Voting)**

RCIS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

RCIS neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither RCIS nor its management has any financial condition that is likely to reasonably impair RCIS's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

RCIS has never been the subject of a bankruptcy petition.