

Item 1 – Cover Page



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This brochure provides information about the qualifications and business practices of Hammer Asset Management, LLC (hereinafter “Hammer Asset”) If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Cindy Quiggin, at (530) 888-0999 or Cindy@hammerasset.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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Hammer Asset or any person associated with Hammer Asset has achieved a certain level of skill or training.

Additional information about Hammer Asset also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Hammer Asset reviews and updates our brochure at least annually to confirm that it remains current. Only the material changes since the last update of this brochure on March 25, 2020 are set forth on this page. These material changes include:

- Since the passing of David A. Hammer, Sr., the ownership of Hammer Asset Management has been re-allocated, which is reflected on Schedule A of ADV Part 1.
- Cindy Quiggin has taken over the role of Chief Compliance Officer.
- Hammer Asset Management is no longer eligible to register with the Securities and Exchange Commission due to no longer meeting their AUM (Assets Under Management) requirement and is in the process of switching to state registration.

We will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business's fiscal year. We may further provide a new brochure and other ongoing disclosure information about material changes as necessary.

Our brochure may be requested by contacting our Chief Compliance Officer, Cindy Quiggin, at 530.888.0999 or Cindy@hammerasset.com.

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Item 4 – Advisory Business

Hammer Asset Management, LLC was established in 1990 by then principal owner, David A. Hammer, Sr., who has since passed away. Current Ownership has been re-allocated, which is reflected on Schedule A of ADV Part 1.

Hammer Asset is an active quantitative manager of investment accounts, taxable and non-taxable, under the authority of a Limited Power of Attorney granted us by the client and in accordance with an Advisory Agreement between the client and us. Our service involves the selection of high-quality stocks, bonds, fixed-income funds, and money-market funds, the amounts of each to be bought or sold, and the execution of such transactions through a third-party broker and custodian.

Hammer Asset believes a portfolio's asset allocation (the percentage invested in equities versus bonds or cash) is a major determinant of both performance and risk (volatility). Therefore, each of Hammer Asset's clients has his or her own particular asset mix, depending on the investor's particular time-horizon, risk profile, and investment objective. Hammer Asset offers a proprietary method of asset allocation whereby the portfolio's asset mix is periodically adjusted to reflect the current probabilities of stocks, bonds, and cash outperforming each other over the client's time-horizon. A second method of asset allocation is one where the client specifies a minimum required return (with a specific probability) over a specific time-horizon.

Hammer Asset equities selection process is a value-oriented, state-of-the-art, quantitative/fundamental/technical system. It includes several proprietary fundamental valuation methods, as well as technical and fundamental factor analysis, evaluation of actual earnings momentum and estimated earnings momentum, the use of tools to relate sector positioning to current economic factors and a cross-correlation program to maximize diversification. Generally, Hammer Asset owns high quality stocks that are selling at prices below our calculated valuations (including growth stocks) and have improving fundamentals. Hammer Asset's bond selection system is driven by a proprietary forward-rate model that utilizes only factual data inputs. Hammer Asset invests principally in the U.S. Government and Agency issues and some A-rated (or better) corporate debt along with bond funds, some of which own less than A-rated. Bond selection is a function of expected return relative to expected risk (including reinvestment risk).

Hammer Asset believes discipline is the key to superior performance and meeting the clients' goals and objectives within the appropriate risk parameters. Hammer Asset maintains a strong buy/sell discipline and are not influenced by fads or the prevalent market sentiment. Hammer Asset is a long-term investor, who believes by owning securities and classes of securities, which offer well above-average expected returns relative to their respective risk factors that the short-term performance will take care of itself.

The Team:

Name/Year of Birth	Degree(s)	Title/Responsibility	Years with Hammer Asset	Industry Start Date
David Hammer, Jr. CRD #4355537 Born 1975	-Southern New Hampshire University: B.S. (Economics/ Finance), 2012 -Series 65, 2013	Chief Executive Officer/Portfolio Manager/Trader	21	May, 1999
Cindy Quiggin CRD #4904603 Born 1982	-Southern New Hampshire University: B.S. (Economics/ Finance), 2006 -Southern New Hampshire University: A.S. (Business Administration), 2004	Chief Compliance Officer/Equities Analyst/Accounting Manager	18	September, 2002

As of 12/31/2020:

Assets Under Management – Full Discretion (AUM): \$28.3 million

Item 5 – Fees and Compensation

The specific manner in which fees are charged by Hammer Asset is established in a client's written management agreement with Hammer Asset. Hammer Asset will bill its fees on a quarterly basis in each calendar quarter in advance. In signing our management agreement, the client authorizes their chosen custodian to directly debit fees from their portfolio accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Upon termination of any account, any prepaid, unearned fees based on the period beginning 30-days following written notification through the end of the period for which fees were prepaid in accordance with our management agreement, will be promptly refunded and any earned, unpaid fees will be due and payable.

Hammer Asset's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment companies and other third parties such as fees charged by managers, custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Hammer Asset Management LLC's fee, and Hammer Asset shall not receive any portion of these commissions, fees, and costs.

Item 11 further describes the factors that Hammer Asset considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Lower fees for comparable services may be available from other sources.

Fee Schedule: In consideration of the services to be rendered by Hammer Asset, client (or custodian) shall pay to Adviser quarterly, in advance, one-fourth of the following annual rates:

Account Value	Annual Fee
\$300,000 - \$499,999	1.50%
\$500,000 - \$999,999	1.25%
\$1 - \$2 million	1.00%
Over \$2 million	0.75%

Our fee rate is a FLAT (versus graduated) rate applicable to every dollar of assets and the *rate* determined by fair market value of the assets at inception.

An annual discount of up to 0.25% may be negotiated for particular reasons such as multiple accounts. Should the clients' assets grow appreciably over time, a reduction in the fee rate may be negotiated. Fee rates for accounts over \$5 million *at inception* can be negotiated. Accounts with assets under \$300,000 will be charged a flat annual fee of \$4,500 (\$1,125 per quarter), unless otherwise negotiated.

Unless stated otherwise in the clients' Investment Advisory Agreement, calculation of the assets at inception and quarterly thereafter shall be based upon the fair market value of the portfolio (including cash or its equivalents) as determined by Hammer Asset after reconciliation with the custodian.

Legacy clients' Investment Advisory Agreements may have a similar, but not identical, method of determining quarterly fees.

Item 6 – Performance-Based Fees and Side-By-Side Management

Hammer Asset does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Hammer Asset may provide portfolio management services to corporate taxable accounts, individuals (including IRA and KEOGH accounts), high net worth individuals, corporate pension (including defined contributions) and profit-sharing plans, charitable institutions, foundations, and endowments. Hammer Asset has a \$300,000 minimum account size; accounts with assets under \$300,000 will be charged a flat annual fee of \$4,500 (\$1,125 per quarter), unless otherwise negotiated.

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

Asset Allocation Process:

The client's investment time-horizon is jointly determined with the clients and/or their financial planner. Hammer Asset then computes the expected (most likely) returns for stocks, bonds, and money markets over that time-horizon, usually one to ten years. Expected returns are arrived at by first computing the most likely levels of future interest rates, corporate normalized profitability, and equity risk-premiums using our proprietary models. The existing Treasury yield curve as well as current and projected levels of investor confidence are important determinants of expected returns as is the *normalized* growth of corporate earnings.

Hammer Asset combines the expected returns along with the volatility of return for each asset class to produce a distribution of possible future returns. Using the calculus, Hammer Asset computes the probabilities of stocks, bonds, and money markets outperforming each other over the client's time-horizon. The client's asset allocation is set in proportion to these probabilities. Adjustments to the asset mix are made whenever there is a significant change in the probabilities or the client's circumstances.

Generally, the longer the clients' time-horizon the more equities they will own because as the time-horizon increases the greater the probability that stocks will outperform both bonds and cash. So therefore, even when the market is overvalued, long-term investors will still own a significant proportion of equities. Therefore, their accounts will be more volatile than accounts with short time-horizons, but the latter will not return as much over the years.

Hammer Asset's asset allocation work allows us to satisfy a variety of client objectives and levels of risk aversion. For example, assume a client wants to maximize return, but with no more than a 10% probability of loss over the next three years. Hammer Asset knows the percentages of equities and bonds that person can own at a particular point in time to meet those criteria. Another example would be Hammer Asset's ability to satisfy the objectives of a client who wants to minimize the chances of the portfolio producing less than an 8% annualized return over the next five years. Conversely, Hammer Asset can provide an asset

allocation that simply maximizes expected return over the next ten years, with no regard to risk or minimum return, or maximize the reward/risk ratio over a given time-horizon.

In addition to following the company fundamentals very closely, Hammer Asset spends a significant part of our time computing the relative attractiveness of the overall market, and analyzing the economic, industry, and stock market conditions that are the main factors affecting any security. The same is true with bond analysis where in addition to analyzing a particular bond we analyze the prospects for interest rates and the probabilities of different future yield curves. Hammer Asset believes it is far more important to know how much to invest in bonds in general, and in which maturity and credit-quality segments to invest, than it is to know which specific bond could provide the best possible return. Final bond selections are based on reward/risk ratios.

Equities Selection Screen Process:

Hammer Asset utilizes a database that encompass approximately 1,700 stocks. Most of the stocks that are selected from that universe for our “Buy list”, are well known companies with above-average stability and financial strength and below-average price/earnings ratios relative to their earnings growth. Generally, over 75 percent of our stocks are among the S&P 500 stocks and no more than 15 percent are smaller, emerging, growth stocks.

Hammer Asset begins by analyzing all companies where the stock price is substantially below the present value of the expected dividend stream and below the present value of the company's future cash flow after long-term debt repayment. We use many time-tested methods of projecting dividends and cash flow. The screened list consists mainly of stocks with reasonable P/E ratios relative to growth prospects and with above average profitability measurements, mainly operating income/net assets and cash flow return on investments

Next, Hammer Asset screens for companies where, based on our fundamental analysis, there is a greater likelihood of an upside earnings surprise than of a disappointing earnings announcement. We strongly believe that, over the years, stocks with low P/E ratios have provided substantially better performance following better-than-expected earnings reports than high P/E stocks. Also, they do not tend to be affected severely by poorer than expected earnings, whereas high P/E stocks can fall apart after a negative earnings surprise. Our portfolios tend to have below average P/E-to-growth ratios and price/book ratios that are low relative to cash-flow-return-on-investment and return-on equity. Dividend yields are usually higher and balance sheets stronger than average.

Then, Hammer Asset computes a five-year expected return (based on expected, fair P/E ratios computed using proprietary, quantitative methods) for each of the stocks that have passed through the above screens and select those where the return is commensurate with the stock's risk. Specifically, the expected return must be more than proportional to the historical volatility of the stock's price.

From those companies, Hammer Asset favors select companies where the earnings estimates are rising and where the earnings growth is accelerating or where a negative growth rate is turning positive.

Before assembling our final Buy List, Hammer Asset employs a proprietary program to determine, considering several current economic factors, whether growth stocks or low price/book value stocks are most likely to outperform over the next 12 months. We then skew our normal 60/40 value/growth mix accordingly.

After finding securities that are the most likely to perform well in the short, intermediate, and long term, Hammer Asset then completes the portfolio management process by analyzing the cross-correlation of returns between the final Buy list candidates. The goal is to assemble a group of twenty-five to thirty-five stocks that all have excellent expected returns, but do not always move in the same direction, simultaneously, thereby, reducing short-term volatility of return (risk). We utilize proprietary stochastic analysis to assist us in the precise timing of individual stock purchases.

Sell Discipline:

When a stock appreciates, or the fundamentals deteriorate to a point where the stock's five-year expected return is no longer commensurate with its volatility (risk), it becomes a sale candidate. Then, we sell the stock when its price loses upside momentum, or when it becomes overbought relative to its intermediate price trend. Our average holding period for individual equities is over two years.

Bond Selection - Optimization Method:

The goal is to outperform the Merrill Lynch U.S. Treasury/Agency Master Bond Index or the Barclay Government/Corporate Intermediate Bond Index with less volatility (variance of periodic return) than the index. Hammer Asset utilizes Treasury, Government Agency and high-quality corporate bonds and Agency/Corporate bond funds, whereby selection is primarily a function of the shape of the yield curve and the level of investor confidence (as measured by our proprietary model).

First, Hammer Asset analyzes the slope of the yield curve at all maturity points and determine how much of the slope is due to the level of investor confidence and how much to interest rate anticipation. Once we have determined the most likely future yield curves, we calculate future returns for the various maturities based upon our forward rate expectations. Using the calculus, we compute the probability of each of the maturities outperforming the 5-year Treasury bond over the next one-to-five years. To choose the ideal duration (average maturity of the present value of future interest and principal payments) for a portfolio, we compare these probabilities to the risk (volatility) of each maturity. We concentrate on that portion of the yield curve that offers the greatest expected return relative to risk.

After deciding on the ideal portfolio duration, Hammer Asset then computes whether the duration should be achieved by concentrating in one particular maturity range, or by barbellizing the maturities (some long and some short), or by laddering the maturities. This decision is arrived at by comparing the reward-risk ratios of possible combinations of securities that produce the desired average duration. The resulting portfolio (which is periodically readjusted) will have duration longer or shorter than the target index (depending on our market-derived future yield-curve projections) and will have the maximum possible reward-risk ratio for that portfolio duration.

Bond Selection – Immunization Method:

Whereas the "OPTIMIZATION" method revolves around selecting the appropriate portfolio duration, under the optional "IMMUNIZATION" method, the client's time-horizon or liability duration predetermine the duration. The goal is to provide maximum return over that time-horizon, with no regard for short-term volatility, but with 99% assurance that the principal will remain intact and at the end of the time-horizon will achieve the anticipated return. The immunization process is, simply, one of matching the average duration of the portfolio to the average duration of the client's liabilities or to the length of the client's time-horizon. (Duration is the average maturity of the present values of a series of cash flows). Assets that have the same duration as the liabilities they are funding offer virtually risk-free funding. The investment technique involved here is periodically adjusting the portfolio duration as the liability duration (or time-horizon) shrinks with the passage of time. Once the required portfolio duration is periodically (usually quarterly) recomputed, then Hammer Asset will determine whether it is best to attain the required duration using a bullet, barbell or ladder maturity structure in order to achieve the greatest possible return. The OPTIMIZATION and the IMMUNIZATION methods differ in the sense that under the first method, Hammer Asset selects (and varies) the average duration based upon our interest rate anticipation work, whereas under the second method, the client's circumstance determines the duration. Both techniques involve active management and an optimal reward-risk relationship.

Balanced Portfolio Strategies:

Hammer Asset recognizes investors have different risk tolerances and therefore offers five levels of risk, ranging from very conservative to moderately aggressive. Portfolios at each risk level have a strategic asset allocation between stocks, bonds, and cash.

Balanced Portfolio Types	Types of Investments	Equity Allocation Over Time*	Risk (est. STD DEV of Return)
A – Income Oriented	Overweighting of quality securities that provide above-average income.	40%	8%
B – Risk-Averse	Overweighting of stocks and bonds that have low price volatility.	50%	9%

C – Conservative	Stocks and bonds with high risk-adjusted returns.	60%	10%
D – Growth + Income	Overweighting of stocks with above average expected earnings growth, ROE, and ROI, plus bonds with above-average risk-adjusted returns.	70%	12%
E – Equity Oriented	Mainly equities, plus a portion of fixed income securities calculated to optimize the portfolio/risk ratio.	80%	14%

* Actual Allocation at any point in time can vary by as much as 20% from the “typical allocation” based on periodic fluctuations in the probability of stocks outperforming bonds. Note: The securities in which Hammer Asset invests, even U.S. Treasury Bonds, all bear some degree of risk because of the periodic variance in market price. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Hammer Asset or the integrity of Hammer Asset’s management. Hammer Asset has no such actions applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Hammer Asset and its members/employees do not have any affiliation with a broker-dealer, investment-related institution, or any entity that could be deemed a conflict of interest. No management persons are registered, or have an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or as an associated person of the foregoing entities. Hammer Asset does not recommend or select other investment advisers.

Item 11 – Code of Ethics/Policies and Procedures

Hammer Asset has adopted a Code of Ethics/Policies and Procedures manual for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics/Policies and Procedures manual includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Hammer Asset must acknowledge the terms of the Code of Ethics/Policies and Procedures manual annually, or as amended.

Members and employees of Hammer Asset may trade for their own accounts in securities which are recommended to and/or purchased for Hammer Asset's clients. Hammer Asset and its associated persons do not recommend to clients, or buy or sell for client accounts, securities in which we or any related person has a material financial interest. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of Hammer Asset will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code requires managing member's approval of transactions and restricts trading in advance or in close proximity to known or expected client trading activity. Nonetheless, because the Code of Ethics permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Hammer Asset and its clients.

Hammer Asset's clients or prospective clients may request a copy of the firm's Code of Ethics/Policies and Procedures manual by contacting the Chief Compliance Officer, Cindy Quiggin.

It is Hammer Asset's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Hammer Asset will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

In accordance with Hammer Asset’s management agreement, the client may select their own broker or allow our firm to select the broker to execute transactions. If Hammer Asset can select brokers, we consider the following factors: shares being traded, price limits, transaction charges, custodian fees, ease of trade execution, reporting capabilities, and time limits affecting difficulty of the transaction. All bonds (traded net of commissions) are traded on a best available net price basis (including a charge of up to \$18 per transaction where the broker is the custodian). None of our current assets under management were referred to us by brokers where the client has agreed to allow the broker to receive commissions from his/her account as compensation to the broker for financial planning and/or performance-monitoring services.

Hammer Asset does not use commissions as soft dollar payments for the benefit of the company to pay for items such as research, rent, equipment, subscriptions, etc. No client pays commissions that reflect soft dollars for services that benefit any other client.

Hammer Asset receives no percentage of any commissions paid or any upfront or back-end fees from the issuer or manager of any assets we purchase for the client.

Hammer Asset does not participate in any “wrap fee” programs.

Item 13 – Review of Accounts

Hammer Asset reviews every account at least weekly for compliance with manager’s policy regarding asset allocation, sector positioning, and individual weightings. Changes in client’s circumstances, asset allocation guidelines, and individual company fundamentals trigger special reviews.

In addition to monthly reports from the custodian, Hammer Asset provides to clients, at minimum and on a quarterly basis, a detailed appraisal report of client’s holdings and a performance report showing the clients periodic return compared to the appropriate indices.

Item 14 – Client Referrals and Other Compensation

A portion of Hammer Asset’s assets under management was referred by other registered investment advisors/solicitors. If a solicitor introduces a client to Hammer Asset, we may pay a referral fee only if the solicitor is properly registered/licensed and follow the requirements under CCR 260.236(c)(2). As compensation for the referral, Hammer Asset may compensate such Registered Investment Advisors and Investment Advisor Representatives fifteen percent of our normal management fee. Fees to the client are no different whether we do, or do not, pay a third-party fee for the client referral. Hammer Asset requires full disclosure to the client of any fee-sharing arrangement; and we maintain

Solicitor's Agreements with all such persons. No Solicitor may receive both brokerage and a portion of the management fee.

Item 15 – Custody

Hammer Asset does not maintain physical custody of any client assets; however, the firm may be deemed to have custody if the client instructs Hammer Asset to directly debit client advisory fees. The client chooses the custodian upon execution of our management agreement. In some cases, the custodian may charge the client a fee for its services.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Hammer Asset urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Hammer Asset's advisory agreement and Power of Attorney allows discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Hammer Asset observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Hammer Asset's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Client-specific investment guidelines and restrictions must be provided to Hammer Asset in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, Hammer Asset does not have any authority to vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in client portfolios. Hammer Asset may provide informal advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

This Item 18 is not applicable to this brochure. Hammer Asset does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. Hammer Asset has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. We maintain positive working capital always and have no long-term debt. Our auditor is Ashland Partners & Company LLP, which is a well-known boutique accounting firm specializing in the investment adviser space.

Item 19 – Requirements for State-Registered Advisers

Education/Business Background: See Item 4 – Advisory Business

Other Business Activities: See Item 10 - Other Financial Industry Activities and Affiliations

Performance-Based Fees: Hammer Asset does not charge any performance-based fees. See Item 6 – Performance-Based Fees and Side-By-Side Management

No Arbitrations: Hammer Asset or any of its associated persons have not been the subject of any client arbitrations or similar legal disputes.

We have disclosed material conflicts of interest required under Section 260.238(k) of the California Corporate Securities Law of 1968 regarding Hammer Asset, our representative or our employees, which we expect could reasonably impair the rendering of unbiased and objective advice. Hammer Asset and its members/employees do not have any affiliation with a broker-dealer, investment-related institution, or any entity that could be deemed a conflict of interest.