

# **ARISTA WEALTH ADVISORS, LTD.**

## **Firm Brochure - Form ADV Part 2A**

Effective March 2021

This brochure provides information about the qualifications and business practices of Arista Wealth Advisors, Ltd. If you have any questions about the contents of this brochure, please contact Karin Lopez, Chief Compliance Officer, who is responsible for Arista's regulatory requirements. She may be reached at (518) 452-3805. 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 Arista Wealth Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by our firm name or by our unique identifying number known as a CRD number: 107763.

**Arista Wealth Advisors, LTD**  
255 Washington Ave, Ext. Ste 104  
Albany, NY 12205

*Registration does not imply a certain level of skill or training*

## **Item 2 – Material Changes**

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### **Annual Update**

Arista is required to advise all clients of any material changes to our Firm Brochure (“Brochure”) from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure. The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure. Our last annual update was submitted on March 14, 2019.

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### **Material Changes since the Last Annual Update**

We have updated Item 7 to disclose Arista Wealth Advisors’ minimum account balance requirement.

We have updated Item 5 to disclose Arista Wealth Advisors’ maximum hourly fee is now \$375.

We have updated Item 10 to disclose that representatives of Arista Wealth Advisors are licensed insurance agents.

We have updated Item 5 to disclose that Arista Wealth Advisors’ makes fee adjustments for deposits and withdrawals made during the quarter that are in excess of \$10,000.

In addition to the Material Changes set forth above, we will ensure that our clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year which is December 31<sup>st</sup>. Finally, as we always recommend, please review this brochure in its entirety upon receipt. Please contact us with any questions or comments that you may have regarding this brochure.

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### **Full Brochure Available**

To obtain our firm brochure and brochure supplements which include information about our principals and financial advisors, please visit our website at [www.aristawa.com](http://www.aristawa.com) or email us at [klopez@aristawa.com](mailto:klopez@aristawa.com). You may also call us at (518) 452-4230 or mail your request to the address as shown above.

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## **Item 4 - Advisory Business**

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### **Firm Description**

Arista Wealth Advisors, LTD. is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). Arista Wealth Advisors was founded in 1988 and is owned by Timothy E. Casserly and Karin J. Lopez.

Arista Wealth Advisors provides personalized confidential financial and estate planning and investment management to individuals, pension and profit sharing plan participants, trustees, estate representatives, charitable organizations and small business owners. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial issues, cash flow management, tax planning, insurance review, investment management, education funding, retirement and estate planning, and planning for long term care.

Arista Wealth Advisors is strictly a fee-only financial planning and investment management firm. The firm does not sell any commissioned products such as but not limited to annuities, insurance, stocks, bonds, mutual funds, or limited partnerships. Nor is the firm affiliated with any entity that sells financial products or securities.

Investment advice is provided in consultation with the client who makes the final decision on investment selection. Arista Wealth Advisors does not act as a custodian of client assets. The client always maintains asset control. Arista Wealth Advisors reviews account activity and places trades for clients under a limited power of attorney filed with the custodian of the assets. (For example, Charles Schwab.)

A written evaluation of each client's initial situation may be provided to the client, often in the form of a net worth statement or Investment Policy Statement, or in the process of conversation, initially and in an ongoing manner. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. Frequent reviews occur but are not necessarily simultaneously communicated to the client unless immediate changes are recommended.

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

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

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## **Principal Owners**

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company)

- Timothy E. Casserly, President
- Karin J. Lopez, Vice President

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## **Types of Advisory Services**

Arista Wealth Advisors provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; issues special reports about securities; and issues, charts, graphs, formulas, or other devices which clients may use to evaluate securities.

On more than an occasional basis, Arista Wealth Advisors furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and estate planning services that often include trust planning.

In addition, Arista Wealth Advisors provides retirement plan consulting services to employer plan sponsors.

As of December 31, 2020, Arista Wealth Advisors manages \$229,405,735 on a discretionary basis and \$0 on a non-discretionary basis.

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## **Tailored Relationships**

The goals and objectives for each client are documented in our physical files and/or electronically in our client relationship management system. Investment policy statements are often created that reflect the stated goals and objectives of each client. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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## **Types of Agreements**

The following agreements define the typical client relationships:

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### **Financial Planning Agreement**

We can provide a variety of services regarding the management of a client's financial resources based upon an analysis of their individual needs. The process typically begins with an initial complementary consultation. If during or after the initial consultation, a client decides to engage us for financial planning services, we will collect pertinent information about the client's personal and financial circumstances and objectives. We will conduct any follow up meetings that we think are required for the purposes of reviewing and /or collecting financial data. Once we have studied and analyzed all of the information we have gathered, we

will create a written financial plan designed to achieve the client's expressed financial goals and objectives. A financial plan may be designed to help the client with segmented or all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; tax preparation; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

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### **Advisory Service Agreement**

Most clients choose to have Arista Wealth Advisors manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement can include: cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate and tax planning, as well as the implementation of recommendations within each area.

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### **Asset Management**

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

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. Arista Wealth Advisors does not receive any compensation, in any form, from fund companies.

As a general rule, we limit our advisory services to these investments: equities (stocks), corporate debt securities, commercial paper, certificates of deposit,

municipal securities, investment company securities (variable annuities, and mutual fund shares), U. S. government securities, and interests in partnerships.

Initial public offerings (IPOs) typically are not available through Arista Wealth Advisors. Arista Wealth Advisors does not currently recommend private placements for clients. These recommendations are available to clients who meet the requirements established by the Securities and Exchange Commission to be considered accredited investors. However, in the event of unsolicited requests by clients who are accredited investors and who wish to invest in private equity, fixed income or micro-finance instruments for diversification purposes, we will assist in the due diligence process. Our purpose is to help facilitate a better understanding of the risks and appropriateness of including specific private equity or debt instruments to their portfolios.

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## **Retirement Plan Consulting**

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising may include:

- **Establishing an Investment Policy Statement** – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- **Investment Options** – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- **Asset Allocation and Portfolio Construction** – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- **Investment Monitoring** – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.
- **Participant Education** – Our firm will provide opportunities to educate plan participants about their retirement plan offerings, different investment options, and general guidance on allocation strategies.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as

amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

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### **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying Arista Wealth Advisors in writing and paying the prorated fee for the time spent on the investment advisory engagement prior to notification of termination.

Arista Wealth Advisors may terminate any of the aforementioned agreements at any time by notifying the client in writing.

## **Item 5 - Fees and Compensation**

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### **Description**

Arista Wealth Advisors bases its fees on a percentage of assets under management and/or hourly charges.

Some *Retainer Agreements* may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

Financial plans are priced according to the degree of complexity associated with the client’s situation.

The annual Advisory Service Agreement and Retirement Plan Consulting fee for assets under management is based on a percentage of the investable assets according to the following schedule:

- 1.00% on the first \$3,000,000;
- 0.80% on the next \$1,500,000 (from 3,000,001 to 4,999,000); and
- 0.60% on assets above \$5,000,000.

Client relationships may exist where the fees are lower than the fee schedule; however, in certain cases where custody is maintained on an account such as through a Trustee relationship, the fees incurred may be slightly higher than demonstrated due to annual auditing fees imposed upon the account. In those cases, the client is notified ahead of time whereby a new advisory agreement is executed with full disclosure of fees.

Although the Agreements are ongoing and constant adjustments are required, the length of service to the client is at the client’s discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the



quarter completed. The basis for the fee computation uses the valuation of assets as of the day of termination.

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### **Financial Planning Fees**

The fee for a financial plan is predicated upon the facts and circumstances of the client engagement and billed on either a flat fee or on an hourly basis. Flat fees will not exceed \$10,000. Hourly fees range from \$150 - \$375 per hour depending on the Advisor and/or Assistant working on the plan.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided per mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Follow-up implementation work may be billed separately at hourly rates ranging from \$150 to \$350 per hour.

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### **Fee Billing**

Investment management fees are billed quarterly, in arrears, meaning that we invoice the client after the three-month billing period has ended. Adjustments are made for deposits and withdrawals in excess of \$10,000. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial plans are billed on an hourly or flat fee basis with bills sent incrementally (typically monthly) based on the time expended on the engagement.

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### **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. Charles Schwab & Co., Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds.

Arista Wealth Advisors, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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## **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 separate from those fees paid by the client to Arista Wealth Advisors.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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## **Past Due Accounts and Termination of Agreement**

Arista Wealth Advisors reserves the right to stop work on any account that is more than 30 days overdue. In addition, Arista Wealth Advisors 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 Arista Wealth Advisors' judgment, to providing proper financial advice.

## **Item 6 - Performance-Based Fees**

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### **Sharing of Capital Gains**

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

Arista Wealth Advisors does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the advisor 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**

Arista Wealth Advisors generally provides investment advice to individuals, high net worth individuals, pension and profit sharing plan participants, trustees, estate representatives, or business owners.

Arista Wealth Advisors generally requires a minimum account balance of \$250,000 to open and maintain an account for our Asset Management service. We may waive the minimum account balance due to client familial relationships, friends, certain instances where assets have dropped below the minimum or for clients who are expected to grow to the minimum or beyond.

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

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### Methods of Analysis

The following methods of analysis may be used in formulating our investment advice and/or managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

***Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information. We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk.

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## **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach with a combination of actively and passively managed funds. This means that we may use actively-managed funds where there may be greater opportunities to make a difference as the core investments, and then add passively-managed index and exchange-traded funds, equities, bonds, certificates of deposit, and annuities. Portfolios are globally diversified to control the risk associated with traditional markets. In some cases, asset allocations specifically reflect client wishes.

Investment Advisory Services typically include helping the client to identify and define investment objectives and goals, establish time horizons, risk tolerances and asset allocations, draft investment policy statements, determine investment strategies and appropriate performance benchmarks, portfolio construction, performance monitoring and reporting. The investment strategy for a specific client is based upon the objectives stated by the client during consultations and written information submitted. The client may change these objectives at any time. Each client is encouraged to execute an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

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## **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.

## **Item 9 - Disciplinary Information**

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### **Legal and Disciplinary**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

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### **Financial Industry Activities**

Arista Wealth Advisors will implement a financial plan or fee-based investment advisory program using any such other agents and services as directed by the client, including no-load products through Charles Schwab & Co. Institutional Services or other clearing firms/custodians. Other custodians can include, but are not limited to the following: Fidelity, TIAA Cref, and Jefferson National. Arista Wealth Advisors also provides data account aggregation services through By All Accounts which allows us to perform a global overview of all client portfolios and provide management services for outside accounts when requested by the client.

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### **Affiliations**

Arista Wealth Advisors has arrangements that are material to its advisory clients with a related person who is a law firm.

If requested by a client, legal services may be provided through Burke & Casserly, P.C. and are billed separately and confidentially through the law firm.

This can be viewed as a potential conflict of interest and therefore it should be understood that clients are not required to use the legal services offered by an attorney working for the advisor.

Representatives of Arista Wealth Advisors are insurance agents/brokers. They offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest exists as these insurance sales create an incentive to recommend products based on the compensation our supervised persons may earn. To mitigate this potential conflict, Arista Wealth Advisors will act in the client's best interest.

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

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### **Code of Ethics**

Arista Wealth Advisors has established this code of ethics to set the tone for the conduct and professionalism of all employees of the firm. This code of ethics is designed to:

- Protect the firm's clients by deterring misconduct;
- Educate employees regarding the firm's expectations and the laws governing their conduct;
- Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

- Promote the avoidance of conflicts of interest, including disclosure to an appropriate person or persons identified in the code of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- Promote full, fair, accurate, timely, and understandable disclosure in reports and documents that a company files with, or submits to, the Commission and in other public communications made by the company;
- Promote compliance with applicable governmental laws, rules and regulations and guard against violation of the securities laws;
- Promote the prompt internal reporting to an appropriate person or persons identified in the code of violations of the code;
- Promote the accountability for adherence to the code;
- Remind employees that they are in a position of trust and must act with complete propriety at all times;
- Protect the reputation of the firm;
- Establish procedures for employees to follow so that Arista Wealth Advisors may determine whether their employees are complying with the firm's ethical principles.
- Arista Wealth Advisors Inc. will provide a full version of the firm's Code of Ethics to any client or prospective client upon request.

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

Arista Wealth Advisors and its employees may buy or sell securities (for their own/related personal accounts) that are also held by clients. Employees may not trade their own securities ahead of client trades. Arista Wealth Advisors maintains an internal consolidated listing of purchases and sales in such accounts of related parties so as to avoid any conflicts of interest with any client transactions. Employees comply with the provisions of the Arista Wealth Advisors *Compliance Manual*.

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### **Personal Trading**

The Chief Compliance Officer of Arista Wealth Advisors is Karin Lopez. She reviews all employee trades each quarter. Her trades are reviewed by Timothy Casserly. 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.

## **Item 12 - Brokerage Practices**

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### **Selecting Brokerage Firms**

Arista Wealth Advisors does not maintain custody of client assets that we manage, although we may be deemed to have custody of client assets if they give us authority to withdraw assets from the client account. See Custody below. Their assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We request that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when we instruct them to. While we request that our clients use Schwab as custodian/broker, they will decide whether to do so and open their account with Schwab by entering into an account agreement directly with them. We do not open the account for them. Even though their account is maintained at Schwab, we can still use other brokers to execute trades in the client account, as described in the next paragraph.

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### **How We Select Brokers/Custodians**

We seek to use a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)



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## **Your Custody and Brokerage Costs**

Schwab generally does not charge separately for custody services for our client accounts that it maintains, but is compensated by charging commissions or other fees on trades that it executes or that settle into the Schwab accounts. Schwab's commission rates applicable to our client accounts were negotiated. This commitment benefits the client because the overall asset-based fees they pay are lower than they would be if we had not made the commitment. In addition to asset-based fees, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client Schwab account. These fees are in addition to the commissions or other compensation they pay the executing broker-dealer. Because of this, in order to minimize trading costs, we have Schwab execute most trades in client accounts.

Arista Wealth Advisors is under no obligation to direct client transactions to Charles Schwab & Co. in return for products and research services provided, and receives no "soft dollar" credits, preferential treatment or reciprocal benefits for doing so with the exception of occasional software maintenance credits.

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## **Best Execution**

It is the duty of Arista Wealth Advisors to seek best execution on securities transactions. This means that we must seek to execute client trades at the best net price considering all relevant circumstances. In order to obtain better services (better access, timely execution, expertise, better error record), it would be acceptable to pay up for better execution.

Arista Wealth Advisors performs a periodic review of best execution. The review is documented. The review will look at best price (trade ticket look-back) and the services available at the executing broker/dealer (due diligence analysis).

### Trade Tickets

- Look-back sample review of price execution (custodian database for time and price)
- Due Diligence Analysis on Executing Broker (Performed at least annually)
- Competitiveness of commission rates
- Statistics on quality of execution
- Ability to handle trades and answer calls in volatile markets
- Research for the benefit of clients
- Willingness, ability, facilities, infrastructure to work with RIAs
- Trading errors and ability to correct (based on history)

Trading fees charged by the custodians are reviewed at least annually and a schedule of such fees is maintained. Arista Wealth Advisors does not receive any portion of the trading fees. Additional trade checks are performed on a regular basis to be sure client trades and security pricing are within normal trading ranges for the day of the trade.

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### **Trade Errors**

From time to time, Arista Wealth Advisors may make an error in submitting a trade order on a client's behalf. When this occurs, Arista Wealth Advisors may place a correcting trade with the broker-dealer which has custody of the account. If an investment gain results from the correcting trade, the gain will remain in the account unless the same error involved other client account(s) that should have received the gain, it is not permissible to retain the gain, or we confer with the client and they decide to forego the gain (e.g. due to tax reasons). If the gain does not remain in the client account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Arista Wealth Advisors will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the client account, they may be netted.

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### **Soft Dollars**

In the past, Arista Wealth Advisors has received software maintenance credits of about \$1,500 from Charles Schwab & Company because some client assets are custodied at Schwab. This credit was used to offset annual maintenance fees for our portfolio management software. All clients benefit from this credit as it reduces the firm's overall expenses. The selection of Charles Schwab & Company as a custodian for clients is not affected by this nominal credit.

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### **Order Aggregation**

Arista Wealth Advisors does not execute block trades in general. Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit. However, an exception can be made when executing an Inter Class Exchange (ICE). This program consists of switching from a NTF (no transaction fee) fund to an Institutional share class typically with lower expense ratios.

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### **Special Considerations for ERISA clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to

pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **Item 13 - Review of Accounts**

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### **Periodic Reviews**

Holdings across client accounts are periodically reviewed. Account reviews are performed at least quarterly by advisors Timothy Casserly, Esq., CFP®, Principal; and Karin Lopez, MBA, Principal. Account reviews are performed more frequently if client circumstances or market conditions dictate. Although the client may engage their advisor to review their plan at any time, the advisor encourages the client to at least meet for an annual review.

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### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, significant changes in economic or market conditions, new investment information, and changes in a client's personal and/or financial circumstances or investment objectives.

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### **Regular Reports**

Account reviewers are typically the account managers and principals of the firm. They consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients will receive monthly statement reports from Schwab as well as year end tax reports. Clients will also receive quarterly and annual reports from Arista Wealth Advisors. Quarterly and annual reports may include a client letter, portfolio appraisal, realized gains and losses, unrealized gains & losses, interest, dividends and expenses, contributions/withdrawals, and performance history statements. Tax reports, as needed, are sent to the client annually. The client may request review and updating of the original program or plan at intervals chosen by him or her. This review and updating may or may not include investment advice, depending upon the investment climate and the client's financial situation. Furthermore, in situations where advisory services have been engaged, portfolio reports and summaries may be furnished to the client on a schedule as set forth by each service.

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

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### **Incoming Referrals**

Arista Wealth Advisors has been fortunate to receive many client referrals over the years. The referrals are from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources. Furthermore, our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940.

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### **Referrals Out**

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

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### **Other Compensation**

Arista Wealth Advisors may recommend that clients establish brokerage accounts with the Schwab Advisor Services® division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Arista Wealth Advisors may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Arista Wealth Advisors is independently owned and operated and not affiliated with Schwab.

Schwab provides Arista Wealth Advisors with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Advisor Services, and are not otherwise contingent upon Arista Wealth Advisors committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Arista Wealth Advisors' client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab's products and services that assist Arista Wealth Advisors in managing and administering clients' accounts include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other

market data; facilitate payment of Arista Wealth Advisors fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help Arista Wealth Advisors manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Arista Wealth Advisors. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Arista Wealth Advisors. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of Arista Wealth Advisors personnel.

In evaluating whether to recommend or require that clients custody their assets at Schwab, Arista Wealth Advisors may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

## **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, but typically monthly. Under government regulations, we are deemed to have custody of client assets if, for example, they authorize us to instruct Schwab to deduct our advisory fees directly from a client account [or if they grant us authority to move their money to another person's account]. Schwab maintains actual custody of client assets. A client will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address provided to Schwab by the client. All clients should carefully review those statements promptly when received. Arista Wealth Advisors also urges clients to compare Schwab's account statements to the periodic portfolio reports they will receive from us.

On February 21, 2017, the SEC issued a no-action letter clarifying that standing authority (also known as a standing letter or authorization or "SLOA") to move money from a client's account to a third party account is "custody" within the meaning of Investment Advisers Act Rule 206(4)-4 (the "Custody Rule"). Firms were provided with seven conditions, referred to as representations by the SEC,

that alleviate the requirement for an annual surprise accountant's examination if all seven conditions are met.

Seven Conditions:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The client authorizes the investment advisor, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. The investment advisor has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
6. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
7. The investment advisor maintains records showing that the third party is not a related party of the investment advisor or located at the same address as the investment advisor.

Six of the seven conditions necessitate our firm's reliance on Schwab as the qualified custodian. Arista Wealth Advisors conducts due diligence to make sure the last and seventh condition is met and that we are not a related party or located at the same address.

Representatives of our firm act as a trustee to client accounts. As such, our firm is deemed to have custody. The client funds and securities of which our firm has custody are verified by actual examination at least once during each calendar year by an independent public accountant ("IPA"), at a time that is chosen by the accountant without prior notice or announcement to our firm and that is irregular from year to year. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

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## **Performance Reports**

Arista Wealth Advisors sends quarterly portfolio and investment reports to clients at their address of record or thru electronic communications. Clients are urged in

writing to compare the account statements received directly from their custodians to the performance report statements provided by Arista Wealth Advisors.

## **Item 16 - Investment Discretion**

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### **Discretionary Authority for Trading**

Arista Wealth Advisors accepts discretionary authority to manage securities accounts on behalf of clients. Arista Wealth Advisors 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.

Once parameters are set for allocations, many clients just give us permission to select and implement, without constantly needed specific approvals. However, Arista Wealth Advisors 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. Arista Wealth Advisors does not receive any portion of the transaction fees paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in client accounts on their behalf so that we may promptly implement the investment policy approved by them in writing.

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### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. Clients sign a limited power of attorney so that we may monitor their accounts and execute trades on their behalf.

## **Item 17 - Voting Client Securities**

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### **Proxy Votes**

As a rule, we don't engage in proxy voting for clients. Our responsibility for voting client proxies is based on mutual agreement and limited to those clients who have given us authority to vote.

Arista Wealth Advisors will disclose any significant relationship with the issuer, its affiliates, or a security holder proponent of the matter on which proxy voting advice is given, as well as any material interest of our firm in the matter;

If a conflict of interest exists, it will be disclosed to the Client.

We shall receive no special commission or remuneration for furnishing the voting advice from any person other than the security holder recipient thereof; and the voting advice will not be furnished on behalf of any person soliciting proxies, or on behalf of a participant in an election contest subject to SEC Rule 14a-11.

Arista Wealth Advisors shall not communicate with the press concerning a proxy.

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## **Procedures**

Custodian banks are directed by the clients who choose to have us vote the proxies to forward proxy materials directly to us. Each proxy ballot received is matched to the securities to be voted, and a reminder is sent to any custodian that has not forwarded the proxies within a reasonable time. A “Voting Record” is updated as ballots are received. “Proxy Report” sheets are prepared for the appropriate company and any exceptions to voting with Management on all special issues. A member of the administrative Portfolio Team responsible for the client for whom the special issues apply also reviews the Proxy Voting Report to ensure consistency with the client’s request. All voting ballots are then registered online at proxyvote.com. For those clients who have requested it, we send out a notice of our vote. This is sent in some cases as a record of an actual vote and in other cases as a guideline for those voting proxies themselves.

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## **Recordkeeping**

As required by Rule 204-2(c), we will maintain:

- a copy of these policies and procedures;
- proxy statements received regarding client securities;
- a record of each vote cast;
- a copy of any document created by us that was material to making a decision how to vote proxies on behalf of a client or that memorializes the basis for that decision; and
- each written client request for proxy voting records and our written response to any (written or oral) client request for such records.

All proxy-voting records are maintained in an easily accessible place for a period of five years.

Clients may request a copy of these policies and procedures, which may be updated from time to time, or for information regarding how proxies were voted, by submitting a written request in writing to:

Arista Wealth Advisors, LTD.  
255 Washington Avenue Extension, Ste. 104  
Albany, NY 12205



## **Item 18 - Financial Information**

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### **Financial Condition**

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

A balance sheet is not required to be provided because Arista Wealth Advisors does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.