



## Wrap Fee Program Brochure

*This wrap brochure provides information about the qualifications and business practices of Riley Wealth Advisors, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at (817) 870-4680 or by email at: William.Riley@RileyWealth.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 Riley Wealth Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Riley Wealth Advisors, LLC's CRD number is: 145734*

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*Registration does not imply a certain level of skill or training.*  
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## Item 2: Material Changes

### *Annual Update*

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### *Material Changes since the Last Update*

This update is in accordance with the annual filing requirements for Registered Investment Advisors. Since the last filing of this brochure on March 10, 2020, the following changes have been made:

- A new outside business activity for William Riley has been added.

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## **Item 4: Services, Fees and Compensation**

### **Firm Description**

Riley Wealth Advisors, LLC ("RWA") is an investment advisor registered with the Securities Exchange Commission. RWA offers investment advice to Clients through the Wrap Fee Program ("Program") based on the individual needs of the Client. RWA is the sponsor of the Program. William Eugene Riley Jr is 100% owner of the RWA and responsible for management of the Program accounts.

This disclosure brochure is limited to describing the Program and other information that Client should consider prior to establishing an account in the Program. For a complete description of other programs and services offered by RWA, Clients should refer to RWA's Form ADV Part 2A, a copy of which will be provided by RWA to the Client upon request.

### **Program Services**

RWA provides continuous and regular supervisory services on a discretionary basis. RWA will offer Clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, assets allocation, portfolio monitoring and the overall investment program will be based on the above factors.

When the Client provides RWA discretionary authority the Client will sign a limited trading authorization or equivalent. RWA will have the authority to execute transactions in the account without seeking Client approval on each transaction.

Through a multiple step discovery process, RWA obtains the necessary financial data from the Client and assists the Client in setting appropriate investment objectives for the Program account. RWA obtains updated information from the Client during regularly scheduled Client performance reviews, as necessary in order to provide personalized investment advice to the Client.

The Client will be required to enter into a written agreement with RWA in order to establish a Program account. The Client will also be required to complete an application with the broker/dealer that will act as custodian for Program account assets.

A Wrap Fee Program is an investment advisory program in which Clients pay one fee for both investment advisory services and the transaction costs in the account(s). The fee is bundled with RWA's costs for executing transactions in the account(s). This may result in a higher advisory fee to the Client. RWA does not charge Clients higher advisory fees based on the trading activity, but Clients should be aware that RWA may have an incentive to limit the trading activities in the account(s) because RWA is charged for

executed trades. By participating in a wrap fee program, Clients may end up paying more or less than they would through a non-wrap fee program where a lower advisory fee may be charged, but trade execution costs are passed directly through to the Client by the executing broker.

The Program Fee is not based directly upon the actual transaction or execution costs for the transactions within the account(s). Depending on the underlying investments in the Program and how much trading activity occurs, Clients may pay more or less than if they chose another advisory program that does not have a wrap fee, or if Clients chose to pay separately for all of the transaction costs (e.g., pay the advisory fee plus all transaction charges). RWA offers both a Wrap Fee Program and a Non-Wrap Fee Program, therefore RWA will review your investment options with Clients to determine the best offering for Clients. Similar services to those offered in the Program may be purchased from another unaffiliated financial services provider.

### **Program Fees**

The annual investment advisory fee ("Annual Fee") schedule for the Program is described below:

| Assets Under Management   | Annual Fee |
|---------------------------|------------|
| \$0 - \$500,000           | 1.50%      |
| \$500,001 - \$1,000,000   | 1.25%      |
| \$1,000,001 - \$3,000,000 | 1.00%      |
| Above \$3,000,000         | Negotiable |

RWA's annual fee may be negotiable based on a number of factors, which include but are not limited to "grandfathered" accounts, related accounts, and other structures that RWA may consider in special situations. Individual accounts within the same household may be combined for a reduced fee. Fees are billed monthly in arrears, using an average daily balance of the account over the given month. Monthly advisory fees deducted from the Clients' account by the custodian will be reflected in the custodial statement. Lower fees for comparable services may be available from other sources.

Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with thirty (30) days written notice. RWA will be entitled to a pro rata fee for the days service was provided in the final month. Client shall be given thirty (30) days prior written notice of any increase in fees, and Client will acknowledge, in writing, any agreement of increase in said fees.

Additional deposits and withdrawals will be added or subtracted from account assets, as the case may be, which may lead to an adjustment of the Annual Fee.

In addition to the Annual Fee, Clients may also incur certain charges imposed by third parties in connection with investments made through Program accounts, including those imposed by the custodian. These may include, but are not limited to, the following: mutual fund or money market 12b-1 fees, sub-transfer agent fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, other transaction charges and service fees, IRA and qualified retirement plan fees, alternative investment administrative fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors, managed futures investor servicing fees, and other charges required by law. RWA does not receive any portion of these fees. Further information regarding charges and fees assessed by a mutual fund or variable annuity are available in the appropriate prospectus.

Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Transactions in mutual fund shares (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy.

Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the account value decreases.

Since RWA we will receive 100% of the fees paid for management of the wrap program, this may create an incentive to recommend that Clients participate in a wrap fee program rather than a non-wrap fee program (where Clients would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, RWA may stand to earn more compensation from advisory fees paid through a wrap fee program arrangement if Clients' accounts are not actively traded. As an investment philosophy, RWA practices a nimble trading strategy that seeks to grow Client assets in up trends and protect principal during down trends.

## **Item 5: Account Requirements and Types of Clients**

### **Account Minimum**

RWA requires a minimum of \$75,000 to open an account. In certain instances, the minimum account size may be lowered or waived.

### **Types of Clients**

RWA generally provides investment advice to individuals and high net worth individuals,

Client relationships vary in scope and length of service.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **Portfolio Manager**

William Eugene Riley Jr, Chief Compliance Officer will manage all Program accounts. Since no other persons, affiliated or unaffiliated will manage the wrap program, there are no additional processes for selection or review of managers. Clients make the decision to select RWA as their portfolio manager.

When deemed appropriate for the client, RWA may hire Sub-Advisors offered on Carson Wealth platform to manage all or a portion of the assets in the client account. Sub-advisors and/or money manager(s) will maintain the models or investment strategies agreed upon between Sub-advisor and RWA. By entering into the investment advisory agreement with RWA, client gives Sub-advisor and money manager(s) discretionary authority to execute trades on behalf of RWA in client accounts (as applicable). RWA will be responsible for the overall direct relationship with the client. RWA has full authority to hire and fire sub-advisors and/or money managers at RWA's discretion.

Carson Wealth will remove and recommend the replacement of a Platform portfolio manager for the following reasons:

- Regulatory issues
- Significant personnel departures
- Significant departure from the strategy's investment mandate
- Persistent underperformance against an objective comparable benchmark
- Closing of an investment strategy to new accounts for an indefinite time period
- Persistent operational integrity issues
- Persistent operational protocol difficulties not remedied
- Discontinuance of composite performance reporting
- Other significant issues as Carson Wealth becomes aware

### **Conflicts of Interest**

The Program may cost the Client more or less than purchasing Program services separately. Factors that bear upon the cost of the Program account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and Client related services provided to the account.

The Annual Fee is an ongoing fee for investment advisory services and may cost the Client more than if the assets were held in a traditional brokerage account. In a brokerage

account, a Client is charged a commission for each transaction and the representative has no duty to provide ongoing advice with respect to the account. If the Client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the Client should consider opening a brokerage account rather than a Program account.

RWA receives compensation as a result of the Client's participation in the Program. The amount of this compensation may be more or less than what RWA would receive if the Client participated in other programs or paid separately for investment advice, brokerage and other Client services. Therefore, RWA may have a financial incentive to recommend the Program account over other programs and services. RWA acts as the portfolio manager for the Program and retains the management fee less execution costs. This may create a conflict of interest because RWA may have a disincentive to trade securities in the account to keep the execution costs low therefore retaining a larger portion of the management fee.

### **Advisory Business**

RWA offers Clients an asset management account through the Program in which RWA directs and manages Program assets for Client.

Client provided goals and objectives are documented in individual Client files. Investment strategies are created that reflect the stated goals and objective.

A Client may impose restrictions on a minimum level of cash they want in their account, as well as from which account they want their withdrawals to come. Also, a Client may issue restrictions on what specific securities or security types they do not want RWA to buy or sell in their account.

### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

RWA may direct clients to third party money managers through their non-wrap program.

### **Sharing of Capital Gains**

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

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

## Methods of Analysis

RWA's methods of analysis include charting analysis, fundamental analysis, and technical analysis. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

**Charting analysis** involves the use of patterns in performance charts. RWA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

## General Investment Strategy

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time. RWA takes in to consideration a variety of information provided by the client, including suitability information, legacy positions, and tax consequences; and various information about the ETFs that are available, including performance history, objectives and risks. Each Client executes an Investment Policy Statement, Risk Tolerance or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases and short-term purchases.

## Security Specific Material Risks

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 and should discuss these risks with RWA:

- *Market Risk:* The prices of securities held by mutual funds in which Clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.

- *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.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than 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.
- *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.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the Client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses,

which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which Client invests.

- *Long-term purchases:* Long-term investments are those vehicles purchased with the intention of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Options Trading:* The risks involved with trading options are that they are very time sensitive investments. An options contract is generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a "book-entry" only investment without a paper certificate of ownership.
- *Trading on Margin:* In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of

marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.

## **Proxy Voting**

RWA does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

The TPMs recommended by RWA may vote proxy on behalf of the Client.

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

## **Item 7: Client Information Provided to Portfolio Managers**

### **Description**

RWA obtains the necessary financial data from the Client and assists the Client in setting appropriate investment objectives for the Program account. RWA obtains updated information from the Client as necessary in order to provide personalized investment advice to the Client. It is the Client's responsibility to inform RWA of any changes in their stated objectives, financial situation, life circumstances or risk tolerance.

Client will be required to enter into a written agreement with RWA in order to establish a Program account. Client will also be required to complete an application with the broker/dealer that will act as custodian for Program account assets.

## **Item 8: Client Contact with Portfolio Managers**

### **Restrictions**

There are no restrictions placed on Clients' ability to contact and consult with the portfolio managers since William Eugene Riley Jr is the portfolio manager.

## **Item 9: Additional Information**

### **Disciplinary Information**

#### ***Criminal or Civil Actions***

RWA and its management have not been involved in any criminal or civil action.

#### ***Administrative Enforcement Proceedings***

RWA and its management have not been involved in administrative enforcement proceedings.

#### ***Self-Regulatory Organization Enforcement Proceedings***

RWA and its management have not been involved in legal or disciplinary events related to past or present investment Clients.

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

#### ***Broker-Dealer or Representative Registration***

Affiliated representatives of RWA may also be registered representatives of a broker-dealer. The outside business activity for each investment advisor representative is disclosed in their Form ADV Part 2B supplement to this brochure.

#### ***Futures or Commodity Registration***

RWA does not have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

#### ***Material Relationships Maintained by this Advisory Business and Conflicts of Interest***

Investment Advisor Representatives of RWA are also licensed insurance agents. Approximately 25% of their time is spent on these practices. From time to time, they will offer clients services from those activities.

Additionally, William Eugene Riley Jr. has a financial affiliated business as an investment advisor representative with Riley Private Client, LLC. Approximately 50% of his time is spent on these activities. He will offer Clients services from those activities. As an investment advisor representative, he may receive separate yet typical compensation.

This represents a conflict of interest because it gives an incentive to recommend products and services based on the commission and/or fee amount received. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the best interest of the client first and the clients are not required to purchase any products or

services. Clients have the option to purchase these products or services through another insurance agent of their choosing.

### **Code of Ethics Description**

The employees of RWA have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of RWA employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of RWA. The Code reflects RWA and its supervised persons' responsibility to act in the best interest of their Client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

RWA's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of RWA may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

RWA's Code is based on the guiding principle that the interests of the Client are our top priority. RWA's officers, directors, advisors, and other employees have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

RWA will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

RWA and its employees do not recommend to Clients securities in which we have a material financial interest.

## **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

RWA and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide RWA with copies of their brokerage statements.

The Chief Compliance Officer of RWA is William Eugene Riley Jr. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

## **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

RWA does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide RWA with copies of their brokerage statements.

The Chief Compliance Officer of RWA is William Eugene Riley Jr. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

## **Review of Accounts**

### ***Schedule for Periodic Review of Client Accounts and Advisory Persons Involved***

Account reviews are performed at least quarterly depending on the nature of the account and Client relationship. All reviews are conducted by William Eugene Riley Jr. Account reviews are performed more frequently when market conditions dictate.

### ***Review of Client Accounts on Non-Periodic Basis***

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

### ***Content of Client Provided Reports and Frequency***

Clients receive written account statements usually on a monthly basis, but no less than quarterly for managed accounts. RWA will also provide Clients with quarterly

performance reports if requested.

## **Client Referrals and Other Compensation**

### ***Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest***

RWA receives a portion of the annual management fees collected by the third party money managers to whom RWA refers Clients.

This situation creates a conflict of interest because RWA and/or its Investment Advisor Representative have an incentive to decide what third party money managers to use because of the higher solicitor fees to be received by RWA. However, when referring Clients to a third party money manager, the Client's best interest will be the main determining factor of RWA.

RWA's investment advisor representatives may receive certain benefits from Gradient Investments, LLC (and/or its affiliated companies) based on achieving certain production thresholds. These thresholds are not based on the sale of any specific product or specific product type. These incentives include marketing assistance, access to technology, office support, and business trainings and trips. While some of these benefit the client, such as technology and training, some do not. This creates a conflict of interest because it gives an incentive to the representative to meet this threshold. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first. Clients are not required to use Gradient Investments, LLC or any of its affiliated companies.

### ***Advisory Firm Payments for Client Referrals***

RWA does not compensate for Client referrals.

## **Financial Information**

### ***Balance Sheet***

A balance sheet is not required to be provided because RWA does not serve as a custodian for Client funds or securities and RWA does not require prepayment of fees of more than \$500 per Client and six months or more in advance.

### ***Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients***

RWA has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

***Bankruptcy Petitions during the Past Ten Years***

RWA has not had any bankruptcy petitions in the last ten years.

**Item 10: Requirements for State-Registered Advisers**

**Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

None to report.