

MJC ADVISORS, LLC

CRD # 136839

ADV Part 2A, Brochure

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This Brochure provides information about the qualifications and business practices of MJC Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at leonard@mjcadvisorsllc.com or (917) 355-9321. 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 MJC Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

References herein to MJC Advisors, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

This Brochure has not been materially amended since the SEC Registration filing on December 12, 2019.

MJC Advisors, LLC's Chief Compliance Officer, Leonard Cooperman, remains available to address any questions that a client or prospective client has about this Brochure.

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Item 4 Advisory Business

- A. MJC Advisors, LLC, (the “Registrant”) is a limited liability company formed in Maryland on July 21, 2005. The Registrant has been registered with the United States Securities and Exchange Commission since January 10, 2020 and was previously registered with the Maryland Securities Division (and with various other states). The Registrant’s Managing Member, Michael Cooperman, is the Registrant’s principal owner.
- B. As discussed below, the Registrant offers to its clients (currently comprised of individuals, high net worth individuals, trusts, estates, pensions and profit sharing plans) investment advisory services and financial planning and consulting services.

INVESTMENT ADVISORY SERVICES

Clients can engage the Registrant to provide discretionary investment advisory services on a fee-only basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under management. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. Upon request, Registrant may at its discretion also provide financial planning and consulting services as part of its engagement that typically address the review of account performance as compared to established financial goals and risks.

Registrant’s investment advisory services are specifically tailored to the needs of each client. Before providing investment advisory services, an investment adviser representative will collaborate with the client to develop investment objectives, which are based upon an assessment of factors that typically include: capital preservation; risk tolerance; income production; liquidity requirements; client preferences; asset and liability levels; and investment restrictions. The client’s investment objectives are established and a compatible investment strategy and plan are then implemented. Clients may, at any time impose restrictions in writing on investing in certain securities or types of securities. Registrant primarily allocates investment assets among mutual funds and exchange traded funds (“ETFs”) and may also allocate to individual equities when consistent with investment objectives. Once client investment assets are allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client-designated investment objectives and may execute account transactions or implement a corresponding shift in investment strategy as a result of those reviews.

MISCELLANEOUS

Limitations of Non-Investment Consulting/Implementation Services. To the extent requested by a client, Registrant may provide financial planning and related consulting services regarding investment or non-investment related matters, such as estate planning, tax planning, insurance, etc. The Registrant does not serve as a law firm, accounting firm, or insurance agency, and no portion of Registrant's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Registrant does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Registrant may also recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Registrant or its representatives. If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Client Obligations. In performing its services, Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant's written disclosure statement as set forth on Form ADV Parts 2A and 2B will be provided to each client before, or contemporaneously with the execution of the Investment Advisory Agreement.

Use of Mutual Funds and ETFs. While the Registrant may recommend allocating investment assets to mutual funds and ETFs that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publicly available mutual funds and ETFs that they could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly available mutual funds without engaging Registrant as an investment adviser, that client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

Retirement Plan Rollovers-No Obligation / Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will

earn a new (or increase its current) investment advisory fee as a result of the rollover. To the extent that Registrant recommends that clients roll over assets from their retirement plan to an IRA managed by Registrant, then Registrant represents that it and its investment adviser representatives are fiduciaries under the Employee Retirement Income Security Act of 1974 ("ERISA"), or the Internal Revenue Code, or both. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. The Registrant's Chief Compliance Officer, Leonard Cooperman, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

ERISA / IRC Fiduciary Acknowledgment. If the client is: (i) a retirement plan ("Plan") organized under ERISA; (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an IRA acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then the Registrant represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by the Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to investment performance and/or a change in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

Cash Positions. Depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive or liquidity purposes. Cash positions (money markets, etc.) will be included as part of assets under management for purposes of calculating the Registrant's investment advisory fee unless otherwise agreed in writing.

- C. The Registrant provides investment advisory services tailored specifically to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, the Registrant will allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.

- E. As of December 31, 2020, the Registrant had \$126,196,647 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A. INVESTMENT ADVISORY SERVICES

The client can engage the Registrant on a negotiable fee-only basis to provide discretionary investment advisory services. The Registrant's annual investment advisory fee is based upon a percentage (%) of the market value of assets placed under the Registrant's management. The specific annual investment advisory fee, which will not exceed 1.00%, is memorialized in, and is subject to the terms and conditions of the Investment Advisory Agreement between the Registrant and the client.

The annual investment advisory fee is payable quarterly, in advance, based upon the market value of the Assets on the last business day of the previous quarter. The initial investment advisory fee will be prorated based on the percentage of days remaining in the initial billing quarter. If the client deposits additional assets that will increase the investment advisory fee by at least \$50 during a billing quarter, the investment advisory fee will also be prorated based on the number of days remaining in that billing quarter and charged for the next billing quarter. In a parallel fashion, withdrawals made during the billing quarter are credited back to the client based on the number of days remaining in the quarter. These credits will be made to the client account from which the charges were originally made.

Fee Differentials. Registrant's annual investment advisory fee varies depending upon objective and subjective factors, including but not limited to: the amount of assets to be managed; account composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees. Moreover, the services to be provided by Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Registrant's Chief Compliance Officer, Leonard Cooperman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and conflict of interest presented.

- B. Clients may elect to have the Registrant's investment advisory fees deducted from their custodial account on a quarterly basis. The applicable form of agreement between the Registrant and the client, as well as the applicable custodial / clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's fee and to directly remit that fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly on a quarterly basis for those services, payment is due upon receipt of the Registrant's invoice.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant will generally recommend that Charles Schwab and Co., Inc. an SEC-registered and FINRA member broker-dealer, and its affiliates, (collectively, "Schwab") serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (e.g. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity, certain exchange traded fund and fixed income securities transactions). In addition to Registrant's investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged by the applicable broker-dealer/custodian, and the charges imposed at the mutual fund and exchange traded fund level, are in addition to Registrant's investment advisory fee referenced in this Item 5.
- D. The Registrant's annual investment advisory fee will be prorated and paid quarterly in advance, based upon the market value of the assets on the last day of the previous quarter. The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party or upon completion of the services in conformity with the terms of that Agreement. Upon termination of the Investment Advisory Agreement, the Registrant will refund the pro-rated portion of the advanced investment advisory fee paid based upon the number of days remaining in the billing quarter.
- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performance - based fees.

Item 7 Types of Clients

The Registrant's clients currently include individuals, high net worth individuals, trusts, estates, pensions, and profit sharing plans. The Registrant does not impose any minimum requirements for opening or maintaining an account.

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

- A. The Registrant may utilize the following methods of security analysis:
- Fundamental - analysis performed on historical and present data, with the goal of making financial forecasts;
 - Technical – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices; and/or

- Cyclical – analysis performed on historical relationships between price and market trends, to forecast the direction of prices.

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases – securities held at least a year;
- Short Term Purchases – securities sold within a year; and/or
- Margin Transactions – use of borrowed assets to purchase financial instruments.

The goal of Registrant's investment strategy is to consider the client's unique situation and to then generate attractive risk-adjusted returns through a customized portfolio. In this respect, Registrant primarily uses an asset allocation strategy, driven by "Modern Portfolio Theory," to generate diversification across equity asset classes and fixed income asset classes.

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s). Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies (Long Term Purchases and Short Term Purchases) are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer-term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter-term investment strategies require a shorter investment time period to potentially develop but as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

Registrant does not typically recommend the use of margin transactions as an investment strategy. However, it may accommodate clients in that respect upon request. A margin transaction strategy, in which an investor uses borrowed assets to purchase financial instruments, involves a high level of inherent risk. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. To the extent that a client authorizes the use of margin, which the Registrant employs for the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the conflict of interest whereby the client's decision to employ margin may correspondingly increase the investment advisory fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client. The Registrant's Chief Compliance Officer, Leonard Cooperman, remains available to address any questions that a client or prospective client may have regarding the use of margin and the conflict of interest presented.

- C. Registrant recommends asset allocations based on several factors including a particular client's: economic situation, liquidity needs, risk tolerance, proposed investment period, need for diversification, reliance upon current income, present and anticipated tax situation. Registrant also considers such factors that include but are not limited to: historical yields, potential appreciation and marketability before making investment recommendations. Registrant primarily allocates investment assets among mutual funds and ETFs, and may also allocate to individual equities when consistent with investment objectives.

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF investors are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Mutual fund and ETF investors are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. Therefore, a mutual fund or ETF investor may incur substantial tax liabilities even when the fund underperforms.

Shares of mutual funds are distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any applicable fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes in the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro-rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. While investors may be able to sell their ETF shares on an exchange, ETFs generally only redeem shares directly from investors when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, an investor may have no way to dispose of such shares.

An investment in an individual equity security (stock) is also subject to the risk of loss, based upon of circumstances affecting the issuer, macroeconomic changes, or other events that affect large portions of the stock market. In addition, the prices of an equity position can be highly volatile. Price movements can be influenced by the following and other factors: interest rates, general economic conditions, the condition of financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in the investor's account minus what the client owes the broker-dealer falls below a certain level, the broker-dealer will issue a "margin call," and the investor will be required to sell the position in the security purchased on margin or add more cash to the account. In some circumstances, investors may lose more money than originally invested.

Item 9 Disciplinary Information

The Registrant has not been the subject of a disciplinary action.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. The Registrant has no other relationship or arrangement with a related person that is material to its advisory business.
- D. The Registrant does not recommend or select other investment advisors for its clients for which it receives direct or indirect compensation.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed before those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person's account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person's current securities holdings. However, at any time that the Registrant has only one Access Person, he or she will not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. As indicated above in Item 11.C., the

Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. If a client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment advisory accounts be maintained at Schwab. Before engaging Registrant to provide investment advisory services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant will manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/ custodian.

Factors that the Registrant considers in recommending Schwab (or any other broker-dealer/custodian) to clients include: historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, service, etc. Although the commissions and/or transaction fees paid by Registrant's clients will comply with the Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from Schwab (or could receive from other broker-dealer/custodians, unaffiliated investment managers, vendors, investment platforms, and/or product/fund sponsors) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. The support services that Registrant receives can include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/or free travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance

of its investment advisory business operations. As referenced above, certain of the support services and/or products that Registrant can receive may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise. The receipt of these support services and products presents a conflict of interest, because the Registrant has the incentive to recommend that clients utilize Schwab as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by the Registrant to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. Registrant's Chief Compliance Officer, Leonard Cooperman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and conflict of interest presented.

2. The Registrant does not receive referrals from broker-dealers.
3. Directed Brokerage. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance.

- B. To the extent that the Registrant provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to

price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant will not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's investment adviser representatives and/or Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other-than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant receives economic benefits from Schwab (and can receive such benefits from other broker-dealer/custodians, unaffiliated investment managers, investment platforms, and/or mutual fund sponsors), such as support services and/or products without cost or at a discount.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at a broker-dealer/custodian as a result of this arrangement. There is no corresponding commitment made by the Registrant to a broker-dealer/custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. Registrant's Chief Compliance Officer, Leonard Cooperman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest any such arrangement may create.

- B. Neither the Registrant nor any supervised person of the Registrant compensates any non-supervised person for client referrals.

Item 15 Custody

The Registrant will have the ability to have its investment advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. The account custodian does not verify the accuracy of the Registrant's investment advisory fee calculation.

Item 16 Investment Discretion

The client can engage the Registrant to provide investment advisory services on a discretionary basis. Before the Registrant assumes discretionary authority over a client's account, the client will be required to execute an Investment Advisory Agreement naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client will be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, Leonard Cooperman, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.