

Firm Brochure

(Part 2A of Form ADV)



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This brochure provides information about the qualifications and business practices of Richard W. Paul & Associates, 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: 248-305-9911. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Richard W. Paul & Associates, LLC is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Firm is 156812.

March 2, 2021

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 required annual update for Registered Investment Advisors. Since the last update on March 27, 2020, the following changes have occurred:

- Item 4 has been updated to disclose the most recent calculation for assets under management.
-

Full Brochure Available

This Firm Brochure being delivered is the complete brochure for the Firm.

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Item 4: Advisory Business

Firm Description

Richard W. Paul & Associates, LLC (“we” or “the Firm”) is a Michigan registered investment adviser formed in March 2011. It is owned by Richard W. Paul.

The Firm is a fee based financial planning and investment management firm. The Firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The Firm’s managing member is affiliated with entities that sell insurance products.

The Firm does not act as a custodian of client assets.

An evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement or risk analysis. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Types of Advisory Services

Prior to the Adviser-Client relationship, the Firm may offer a complimentary general consultation to discuss services available, to give a prospective Client time to review services desired, and to determine the possibility of a potential relationship. Investment advisory services begin only after the Client and Firm formalize the relationship with a properly executed Client Agreement.

After engaging the Firm, the Client will be asked to share in a data gathering and discovery process in an effort to determine the Client’s stated needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the Client and the nature of services requested.

The following services are offered by the Firm:

Portfolio Management Services

The Firm offers discretionary direct asset management services to advisory clients. The Firm manages individualized portfolios for its Clients. The Firm works with each Client to formulate an individualized portfolio based upon his/her objectives, time frame, risk parameters and other investment considerations. The Firm uses marketable securities that may include bonds, common stock (equities), and treasury bonds. The investment philosophy of the Firm is to use principals of value, safety and quality to seek investment options globally. The Firm places heavy emphasis on risk control, believing that avoiding losses allows appreciation potential of equities to be realized.

When deemed appropriate for the Client, we may hire Sub-Advisors to manage all or a portion of the assets in the Client account. The firm has full discretion to hire and fire Sub-Advisors as they deem suitable. Sub-Advisors will maintain the models or investment strategies agreed upon between Sub-Advisor and the firm. Sub-Advisors execute trades on behalf of the firm in Client accounts. The firm will be responsible for the overall direct relationship with the Client. The firm retains the authority to terminate the Sub-Advisor relationship at the firm’s discretion.

Co-Advisor Assets Under Management

The Firm acts as a co-advisor with Matson Money, Inc. (“MM”) to manage client accounts. When determining the MM platform to recommend to clients, the client’s best interest will be the main determining factor of the Firm. The Firm acts as the co-advisor between the client and MM in return for the advisory fees collected from the accounts by MM. The Firm is responsible for:

- helping the client complete the necessary paperwork of MM;
- updating MM with any changes in client status which are provided to the Firm by the client;
- reviewing the quarterly statements provided by MM; and
- delivering the Form ADV Part 2, Privacy Notice and Written Disclosure Statement of MM to the client.

Clients placed with MM will be billed in accordance with MM’s Fee Schedule which will be disclosed to the client prior to signing an agreement. MM charges the advisory fee for Advisor, but remits the entire deducted amount to the Firm. This is detailed in Item 5 of this brochure.

The firm also has entered into a co-advisory relationship with AE Wealth Management, LLC (“AEWM”) to provide discretionary asset management services to our clients. This arrangement allows us to access model portfolios, model managers, strategist, third party money managers, and trading services through AEWM’s managed account program. As part of the AEWM program, Clients will give the firm and AEWM discretion to select third party, non-affiliated investment managers (“Model Managers”) to design and manage model portfolio for their assets. If the firm offers services through AEWM, we will provide you with a copy of AEWM’s disclosure brochure which contains a detailed description of AEWM’s services.

Financial Planning:

The Firm offers financial planning consultations to evaluate their financial situation, goals and risk tolerance. Through a series of personal interviews the Firm will collect pertinent data, identify goals, objectives, financial problems, potential solutions, prepare specific recommendations and implement recommendations.

Some clients may only require advice on a single aspect of the management of their financial resources. For these clients, the Firm offers financial planning in a modular format and/or general consulting services that address only those specific areas of concern.

The Firm’s services include any one or all of the following:

1. Spreadsheet Analysis, Reports & Consultations – This includes the formation of financial statements that may include a financial summary and cash flow statement as well as analysis of these items to evaluate the client’s current situation and to help build a financial roadmap for the future. The Firm also may consolidate account information such as account titling, account numbers, cost basis, inception dates, market values and interest/dividend earnings where such information is available.

2. Retirement Planning – This involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate distribution of assets following retirement. Additionally, self-directed retirement assets are evaluated and, where appropriate, recommendations and assistance are provided. Tax consequences and their implications are identified and evaluated in general terms. The Firm is not engaged in rendering legal or accounting advice, has no lawyers or accountants on staff and therefore refers all matters requiring legal or tax advice to the Client's chosen and properly licensed professionals in these areas.

3. Investment Planning/Asset Allocation/ Fund Choice – This involves advice with respect to asset allocation and investment income accumulation techniques. Evaluations are made of existing and, when applicable, potential investments in terms of their economic and tax characteristics as well as their suitability for meeting client's objectives. Tax consequences and their implications are identified and evaluated in general terms.

4. Estate Planning – This service generally involves a review of assets and liabilities, the titling of assets and the consideration of trusts. However, the Firm may provide advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques as well as a discussion of gifts, trusts, etc. and the disposition of business interests. Tax consequences and their implications are identified and evaluated in general terms. The client's chosen licensed attorney must be used for evaluation and document creation.

5. Insurance Planning – This includes risk management associated with advisory recommendations based on the combination of insurance types that best meet a client's specific needs, e.g. life, health disability, long-term care, and others as appropriate.

6. College Planning – This includes alternative and strategies with respect to the complete or partial funding of college or other post-secondary education experience. Tax consequences and their implications are identified and evaluated in general terms.

7. Tax Planning – Tax planning is referred to the client's chosen personal tax advisor. The Firm may offer advice as to how tax laws may affect various financial decisions, e.g. acquisitions, pension strategy, investing in new opportunities or consolidation of existing investments, and individual taxations issues, among others.

8. Consolidation of Financial Situation – As a result of performing some or all of these services listed in bullets 1 through 7, the Firm may be able to recommend strategies or methods for consolidating the client's financial situation in order for the client to manage their financial situation more easily and to obtain efficiency, cost savings, and diversification.

Client Tailored Services and Client Imposed Restrictions

Agreements may not be assigned without written client consent.

Wrap Fee Programs

The Firm does not participate in wrap fee programs.

Client Assets under Management

As of December 31, 2020, the Firm had \$211,386,769 assets under management on a discretionary basis and \$0 on a non-discretionary basis.

Item 5: Fees and Compensation

Method of Compensation and Fee Schedule***Portfolio Management Services***

The Firm offers a bond strategy in addition to both passive and active Portfolio Management services. The firm offers actively managed services managed by the Firm and where a sub-advisor may be hired on the AssetMark platform to manage all or a portion of the client's assets and also a managed service where the Firm would not engage sub-advisors. The fees are as follows:

Active Strategy		
Assets Under Management	Annual Fee	Quarterly Fee
0-\$1,000,000	1.5%	0.375%
\$1,000,0001-\$3,000,000	1.35%	0.3375%
\$3,000,0001-\$5,000,000	1.15%	0.2875%
\$5,000,00 and over	Negotiable	Negotiable

Passive Strategy		
Assets Under Management	Annual Fee	Quarterly Fee
0-\$1,000,000	1.0%	0.25%
\$1,000,0001-\$3,000,000	0.80%	0.20%
\$3,000,0001-\$5,000,000	0.60%	0.15%
\$5,000,000 and over	Negotiable	Negotiable

The initial fee will be prorated for the number of days remaining in the first quarter and it shall be based upon the initial account value as report by the Account's custodian. Thereafter, the Fee is due monthly in arrears based on the Client's previous quarter-end account value as reported by its custodian.

Under some circumstances the Firm's fees may be lower than the rate schedule and can be negotiated. Accordingly, rates may vary based on a variety of factors. For example, in determining fees, rates, and minimums, the Firm may aggregate related accounts and, for billing purposes, treat them like one account.

The firm may also utilize the services of a Sub-Advisor to manage Clients' investment portfolios. We will enter into Sub-Advisor agreements with other registered investment

advisor firms. When using Sub-Advisors, the Client will not pay additional fees. The Sub-Advisors fees are inclusive of the fees charged by our firm. For this arrangement the above fee schedule will be utilized.

For actively managed portfolios using the AssetMark platform, the fees will be based on a percentage of assets under management as follows:

Assets Under Management	Annual Fee	Quarterly Fee
0-\$1,000,000	1.0%	0.25%
\$1,000,0001-\$3,000,000	0.85%	.2125
\$3,000,0001-\$5,000,000	0.65%	.1625
\$5,000,00 and over	Negotiable	Negotiable

AssetMark Platform

Accounts on the AssetMark Platform are assessed a total Account Fee. This Account Fee includes Richard W. Paul & Associate's fee detailed in the schedule below. Fees and compensation for using the AssetMark Platform are provided in more detail in the AssetMark Platform Disclosure Brochure. Discretionary Manager Fee schedules are included in the Client Billing Authorization or the Appendix A to the Client Service Agreement.

The fees applicable to each Account on the AssetMark Platform may include:

- 1) Financial Advisor Fee listed above;
- 2) Combined Platform Fee (Custody Fee and Strategist or Manager Supplemental Fee, if applicable. This fee can vary from 0.0% to 1.05% depending on Strategist or Manager.)

Other fees for special services may also be charged. The Client should consider all applicable fees.

Each of the Investment Managers may charge a separate Investment Manager Fee directly to the Client, calculated as a percentage of the total assets managed by the Investment Manager, which is in addition to the overall investment Advisory Fee negotiated between the Client and the Financial Advisory Firm. The fee charged by each Investment Manager is specified on the individual Discretionary Manager Designation incorporated in the Client Services Agreement and executed by the Client. Fees will vary from Investment Manager to Investment Manager; a complete list of fee schedules of the Investment Managers participating in the Platform is available from the Financial Advisory Firm by request.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract.

The Firm may from time to time unilaterally amend its fees and billing arrangements. Any change will only become effective after thirty (30) days prior written notice. If the Client does not accept the amended fee or billing arrangements, he/she may terminate the service at any time.

Withdrawal of Advisory Fee

The Firm shall have the authority to withdraw its fee directly from the Client's account.

Clients are reminded that the fees for each adviser's services are separate.

This option is only available when it is a service provided by the third party money manager. Some but not all third party money managers offer this service.

From time to time, the Firm may also utilize the services of a sub-adviser to manage clients' investment portfolios. The Firm's will enter into sub-advisor agreements with other registered investment advisor firms. When using sub-advisors, the client will not pay additional fees. The sub-advisors fees are included in the fees charged by the Firm.

Termination of Portfolio Management Services

A Client may terminate this service for any reason within the first five (5) business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving seven (7) days written notice to the Firm at Richard W. Paul & Associates, LLC, 39555 Orchard Hills Place, Suite 100, Novi, MI 48375. Upon notice of termination, fees will be prorated based upon the number of days that services were rendered during the termination quarter. Any unearned fees will be returned to the Client. For example if 90 days are in a quarter and services were rendered for 30 days in the quarter, the Client will be refunded 67% of that quarter's fee. ($30/90 = .33 * 100 = 33\%$ paid to Adviser for services with remainder/unearned fees paid to the Client. $100\% - 33\% = 67\%$).

Co-Advisor Assets Under Management:

Matson Money – CRD#110425

The firm acts as a co-advisor with Matson Money, Inc. ("MM") to manage client accounts. In such circumstances, the firm receives the management fees collected by MM. The client will not pay additional advisory fees to MM for these services. MM provides asset allocation investment advisory services through unaffiliated registered investment advisors or registered representatives of dual registered broker-dealers.

Under the Matson Fund Platform, the firm charges an annual fee based on assets under management. The firm's fee is based on a maximum annual fee of .99% of the assets. The fee will be disclosed to the client in the Investment Advisory Agreement and is negotiable based on the amount of assets and the Model Portfolio chosen. MM charges the advisory fee for the firm, but remits the entire deducted amount to the firm. MM does not receive its advisory fees from the client, but indirectly through the management fees MM charges to the Matson Fund in which the clients are recommended to invest. MM receives fees of .49% per annum on the average net assets of each series of the Matson Fund as the firm to the Matson Fund and this fee, paid through the Matson Fund is in addition to the management fees charged by the firm. These fees do not include brokerage fees that may be assessed by the custodial broker dealer.

The fees will be charged quarterly in advance and are based on the amount of assets under management as of the last day of the previous quarter. In the event the client terminated the agreement within the quarter, the firm is entitled to retain a pro-rata fee based on the number of days the client is invested during the current quarter.

Clients may terminate their account within five business days of signing the investment advisory agreement with no obligation. For terminations after the initial five business

days, Client will be entitled to a refund for the days service was not provided in the final quarter.

AE Wealth Management, LLC

Services are provided through AEWM's managed account program are offered both on a non-wrap fee basis and through a wrap fee program. If you choose to receive services through the wrap fee program, you will only pay fees based on assets under management and you will not pay a separate commission, ticket charge, or custodian fee, for the execution of transactions in your account. AEWM and the firm will receive a portion of the fee as compensation for services. When services are provided through AEWM, the firm will charge a maximum annual fee of 1.50% of the assets under management. The annual fee will be specified in your co-advisory agreement with AEWM and the firm. AEWM calculates all fees and withdraws the total from the client account and pays the firm their portion of the total fee. A more detailed description of fees related to AEWM's managed account program are located in AEWM's disclosure brochure which will be provided to when the firm offers services through AEWM. The firm may charge more or less for the same service than other Co-advisor/investment adviser representatives of AEWM.

Fees are charged monthly in arrears calculated based on the average daily balance of the Account during the billing period. Fees are prorated based on the number of days service is provided during each billing period. If managed account services are commenced in the middle of the billing period, the prorated fee for that billing period will be billed in arrears at the end of that billing period.

Financial Planning Services:

The Firm's Financial Planning services are provided on an hourly or fixed fee basis in accordance with the following fee schedule:

Hourly Fee: The Firm assesses an hourly rate of up to \$275 an hour for consulting related financial planning services. The minimum planning fee is \$550. The number of hours will vary depending upon the complexity of the financial situation, the estimate of hours involved, including preparation and research, areas to be specified and estimated in the written agreement for services. The hourly fee can be negotiated with the Client. All fees for planning services are agreed upon in advance in writing and due at that time.

Fixed Fee: For extremely complex planning financial planning or consulting services the Client may negotiate a fixed fee with the Firm. The fixed fees range from \$550 to \$10,000. The fixed fee range varies and is dependent on the complexity of the financial situation, the net worth of the individual or business, the estimate of hours involved, including preparation and research, areas to be specified and estimated in the written agreement for services.

All financial planning services provided will be completed within six (6) months of the acceptance date of the financial planning agreement.

Termination of Financial Planning Services

Client may terminate this service for any reason within the first five (5) business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving seven (7) days written notice to the Firm. Upon notice of termination, Hourly Financial Planning fees will be prorated based upon the number of hours that services were rendered (If the Firm had completed three (3) hours of a six (6) hour planning fee, the Client will receive a 3 hour refund of the fee.) and Fixed Fee Financial Planning services will be prorated based upon the hours worked at a rate of \$225 per hour (For example if a Client paid a \$1000 fixed financial planning fee and the Firm completed three (3) hours of work, the Client will receive a \$175 refund. $3 * \$275 = \$825 - \$1000 = \175 Refund to Client).

Client Payment of Fees

Investment management fees are billed monthly in arrears, meaning that we invoice you after the billing period has ended. Payment in full is expected upon invoice presentation. Investment management fees for clients utilizing Matson Money are billed quarterly, in advance.

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 due upon signing the agreement.

Additional Client Fees Charged

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

The Firm, 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.). For more details on the brokerage practices, see Item 12 of this brochure.

Prepayment of Client Fees

Investment management fees for clients utilizing Matson Money are billed quarterly, in advance. Financial Plans are billed 100% in advance. Client may cancel within five business days of signing the Investment Advisory Agreement for a full refund. If cancellation occurs after five business days, client will be entitled to a pro-rata refund based on work completed.

External Compensation for the Sale of Securities to Clients

The Firm does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of Advisor.

Item 6: Performance-Based Fees

Sharing of Capital Gains

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

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

Item 7: Types of Clients

Description

The Firm generally provides investment advice to individuals, high net worth individuals, and charitable organizations.

Client relationships vary in scope and length of service.

Account Minimums

The Firm requires a minimum of \$500,000 to open an account. We reserve the right to waive the minimum account size at our discretion.

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

Methods of Analysis

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

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

Investment Strategy

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that Clients should be prepared to bear.** Past performance is not a guarantee of future returns. While we recommend various securities that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. Clients need to ask questions about risks they do not understand. We would be pleased to discuss them.

We strive to render our best judgment on behalf of our Clients. Still, we cannot assure or guarantee Clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A Client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets.

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 the Firm:

- *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 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.

- *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.

The risks associated with utilizing Sub-Advisors include:

- Manager Risk
 - Sub-Advisor fails to execute the stated investment strategy
- Business Risk
 - Sub-Advisor has financial or regulatory problems
- The specific risks associated with the portfolios of the Sub-Advisor's which is disclosed in the Sub-Advisor's Form ADV Part 2.

While the Firm does not recommend any specific securities, the third party advisers that it suggests do recommend several types of securities. Each third party adviser's disclosure document known as an ADV Part 2A will discuss their recommended securities and the associated risks. However, the most common recommended securities typically include the following:

Mutual Funds

Definition – A mutual fund is a professionally managed type of collective investment scheme that pools money from many investors and invests typically in investment securities (stocks, bonds, short-term money market instruments, other mutual funds, other securities, and/or commodities such as precious metals). The mutual fund will have a fund manager that trades (buys and sells) the fund's investments in accordance with the fund's investment objective.

Risks:

- Every type of investment, including mutual funds, involves risk. Risk refers to the possibility that you will lose money (both principal and any earnings) or fail to make money on an investment. A mutual fund's investment objective and its holdings are influential factors in determining how risky a fund is. Reading the prospectus will help a Client to understand the risk associated with that particular fund.

- Generally speaking, risk and potential return are related. This is the risk/return trade-off. Higher risks are usually taken with the expectation of higher returns at the cost of increased volatility. While a fund with higher risk has the potential for higher return, it also has the greater potential for losses or negative returns. The school of thought when investing in mutual funds suggests that the longer your investment time horizon is the less affected you should be by short-term volatility. Therefore, the shorter your investment time horizon, the more concerned you should be with short-term volatility and higher risk.
- Different mutual fund categories have inherently different risk characteristics and should not be compared side by side. A bond fund with below-average risk, for example, should not be compared to a stock fund with below average risk. Even though both funds have low risk for their respective categories, stock funds overall have a higher risk/return potential than bond funds.
- Of all the asset classes, cash investments (i.e. money markets) offer the greatest price stability but have yielded the lowest long-term returns. Bonds typically experience more short-term price swings, and in turn have generated higher long-term returns. However, stocks historically have been subject to the greatest short-term price fluctuations—and have provided the highest long-term returns.
- Mutual funds face risks based on the investments they hold. For example, a bond fund faces interest rate risk and income risk. Bond values are inversely related to interest rates. If interest rates go up, bond values will go down and vice versa. Bond income is also affected by the change in interest rates. Bond yields are directly related to interest rates falling as interest rates fall and rising as interest rise. Income risk is greater for a short-term bond fund than for a long-term bond fund.
- Similarly, a sector stock fund (which invests in a single industry, such as telecommunications) is at risk that its price will decline due to developments in its industry. A stock fund that invests across many industries is more sheltered from this risk defined as industry risk. Stock funds also have the same risks as described above under equities.

Item 9: Disciplinary Information

Criminal or Civil Actions

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

Administrative Enforcement Proceedings

The firm and its management have not been involved in any administrative enforcements in the last ten years.

Self-Regulatory Organization Enforcement Proceedings

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10: Other Financial Industry Activities and Affiliations

Broker-Dealer or Representative Registration

The Firm is not registered with a broker-dealer, but investment advisor representatives of the Firm are also registered representatives of a broker-dealer. The outside business activity for each investment advisor representative is disclosed in their Form ADV Part 2B supplements to this brochure.

Futures or Commodity Registration

Neither the Firm nor its employees are registered or has 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

Managing Member Richard Paul is also a licensed insurance agent. From time to time, he offers clients advice or products from those activities. Approximately 40% of his time is spent in his insurance practice.

These practices represent conflicts of interest because it gives Mr. Paul an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the interests of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

The Firm may at times utilize the services of third party money managers, to manage client accounts. In such circumstances, the Firm will share in the third party asset management fee. This situation creates a conflict of interest. This conflict is mitigated by the fact that the Firm has a fiduciary duty by disclosures, procedures, and the firm's Fiduciary obligation to place the client's best interest first and will act accordingly. When referring clients to a third party money manager, the client's best interest will be the main determining factor of the Firm. These fees do not include brokerage fees that may be assessed by the custodial broker dealer. Fees for these services will be based on a percentage of assets under management not to exceed any limit imposed by any regulatory agency. The final fee schedule will be attached to Exhibit D in Advisor's Investment Advisory Agreement.

This relationship will be disclosed to the client in each contract between the Firm and third party money manager. The Firm does not charge additional management fees for third party managed account services. Client's signature is required to confirm consent for services within Third Party Investment Agreement. Client will initial the Firm's Investment Advisory Agreement to acknowledge receipt of third party fee Schedule and required documents including Form ADV Part 2 disclosures.

From time to time, the Firm may also utilize the services of a sub-advisor to manage clients' investment portfolios. Sub-advisors will maintain the models or investment strategies agreed upon between Sub-advisor and the Firm. Sub-advisors execute all trades on behalf of the Firm in client accounts. The Firm will be responsible for the overall direct relationship with the client. The Firm retains the authority to terminate the Sub-advisor relationship at the Firm's discretion.

In addition to the authority granted to the Firm under the Agreement, Client will grant the Firm full discretionary authority and authorizes the Firm to select and appoint one or more independent investment advisors (“Advisors”) to provide investment advisory services to Client without prior consultation with or the prior consent of Client. Such Advisors shall have all of the same authority relating to the management of Client’s investment accounts as is granted to the Firm in the Agreement. In addition, at the Firm’s discretion, The Firm may grant such Advisors full authority to further delegate such discretionary investment authority to additional Advisors.

This practice represents a conflict of interest as the Firm may select sub-advisors who charge a lower fee for their services than other sub-advisors. This conflict is mitigated by disclosures, procedures, and by the fact that the Firm has a fiduciary duty to place the best interest of the client first and will adhere to their code of ethics.

The firm has entered into a Co-Advisor relationship with AE Wealth Management. Please see Items 4 and 5 of this brochure for more details.

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

Code of Ethics Description

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

One area in which 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.

The Firm’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 the Firm 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.

The Firm’s Code is based on the guiding principle that the interests of the client are our top priority. The Firm’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.

The Firm 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

The Firm 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

On occasion, the Firm's owner and investment adviser representatives may buy or sell for their own accounts securities that are the same as, similar to, or different from those that they recommend to their Clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. The Firm attempts to mitigate the conflict of interest to the best of its ability through the enactment of the Firm's code of ethics, trading policies, and its fiduciary responsibilities. Nonetheless, the Firm generally attempts to place Client transactions ahead of the owner and investment adviser representative's trades. The associates of the Firm are aware of their fiduciary duty to their Clients and the prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be kept by the Firm, available to regulators to review on the premises.

The Chief Compliance Officer of the Firm is Richard Paul. He reviews all employee trades each quarter. 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 over employee transactions.

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

The Firm 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, employees 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, employees are required to disclose all reportable securities transactions as well as provide the Firm with copies of their brokerage statements.

Item 12: Brokerage Practices

Factors Used to Select Broker-Dealers for Client Transactions

In order to provide clients the full benefit of the investment management services the Firm provides, the Firm recommends 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. The Firm recommends Schwab based on its very competitive transaction fee costs to clients, their capabilities, dependability and reputation. Although the Firm may require that clients establish accounts at Schwab, it is the client's decision to utilize the Firm's services and to custody assets with Schwab, the Firm is independently owned and operated and not affiliated with Schwab.

i. SOFT DOLLARS

The Firm participates in Schwab's Schwab Institutional services program. While there is no direct link between the investment advice the Firm gives and its participation in this program, the Firm does receive economic benefits that it would not otherwise receive if it did not utilize Schwab's platform to manage client's accounts. These benefits include: (i) receipt of duplicate client trade confirmations and bundled duplicate statements; (ii) access to a trading desk; (iii) limited cost mitigation on trade errors (the firm covers trading errors up to a certain amount); (iv) deducting investment advisory fees directly from client accounts (with prior authorization); (v) access to an electronic communication network for client order entry and account information; (vi) receipt of compliance publications; and (vii) access to mutual funds that generally require significantly higher minimum initial investments or are generally available only to institutional investors.

The benefits the Firm receives through participation in this program are not dependent on the amount of transactions directed to Schwab. Further, the benefits the Firm receives through this relationship are used generally for the benefit of all its clients.

ii. BROKERAGE FOR CLIENT REFERRALS

The Firm does not receive client referrals in exchange for brokerage services from Schwab.

iii. DIRECTED BROKERAGE

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because the Firm cannot negotiate favorable prices.

Aggregating Securities Transactions for Client Accounts

When the Firm manages a client account separately, it will not aggregate purchases and sales and other transactions.

However, Firm is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of Firm. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

Item 13: Review of Accounts

Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Account reviews are performed quarterly by advisor Richard Paul, Chief Compliance Officer. Account reviews are performed more frequently when market conditions dictate. Financial Plans are considered complete when recommendations are delivered to the client. A review is done only upon request of client.

Review of Client Accounts on Non-Periodic Basis

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a Client's financial situation (such as retirement, termination of employment, physical move or inheritance).

Content of Client Provided Reports and Frequency

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by the Advisor's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. Financial planning Clients receive a written report at the end of the financial planning process.

Item 14: Client Referrals and Other Compensation

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

In connection with Advisor engaging the services of Advisors Excel as its primary broker dealer, on November 13, 2017, Advisors Excel provided a loan of \$38,976, which is forgivable over 3 years so long as Advisor relationship with Advisors Excel continues or the extent of production with Advisors Excel (the "Note"). The Note was intended to assist Advisor with the cost associated with the transition to Advisors Excel such as moving expenses, leasing space, furniture, staff and termination fees associated with moving accounts, however, Advisor does not confirm the use of these payments for such transition costs.

In addition to the Note, an IAR may have received payments from Advisors Excel in connection with the transition from another broker dealer or investment adviser firm. These payments, which may be significant, are intended to assist the IAR with cost associated with the transition mentioned above. Similar to the Note, these payments may be in the form of loans to the IAR, which are repayable to Advisors Excel or are forgiven by Advisors Excel based on years of service with Advisors Excel or the extent of their production with Advisors Excel.

In connection with Advisor engaging the services of AE Wealth Management, LLC, on October 21st, 2019, AE Wealth Management, LLC provided a loan of \$135,000, which is forgivable over three (3) years so long as Advisor's relationship with AE Wealth Management, LLC continues, and Advisor meets the Loan Forgiveness Criteria as outlined in the Loan Agreement.

The Note and any additional payments to new or existing IARs may present a conflict of interest in that an IAR may have a financial incentive to maintain a relationship with Advisors Excel which may include directing Clients to Advisors Excel for execution of trades. However, to the extent an IAR directs Clients to Advisors Excel for services, it is because the IAR believes that it is in that Client's best interest to do so. Advisor has systems in place to review IAR managed accounts for suitability and best execution practices over the course of the advisory relationship.

Advisory Firm Payments for Client Referrals

The Firm does not compensate for client referrals.

Item 15: Custody

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. Clients are urged to compare the account statements received directly from their custodians to the performance report statements prepared by the Firm.

We are considered to have constructive custody solely because the custodian directly deducts our fee from the clients account on our behalf. The Firm does not maintain custody of client funds or securities.

Item 16: Investment Discretion

Discretionary Authority for Trading

The Firm accepts discretionary authority to manage securities accounts on behalf of clients. The Firm 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. However, the Firm consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

Firm allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to Firm in writing.

The client approves the custodian to be used and the commission rates paid to the custodian. The Firm does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Item 17: Voting Client Securities

Proxy Votes

The Firm 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.

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

Item 18: Financial Information

Balance Sheet

A balance sheet is not required to be provided because the Firm does not serve as a custodian for client funds or securities and the Firm does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

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

The Firm 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

Neither the Firm nor its management has had any bankruptcy petitions in the last ten years.

Supervised Person Brochure

Part 2B of Form ADV

Richard W. Paul, CFP®



Richard W. Paul & Associates, LLC
39555 Orchard Hills Place, Suite 100
Novi, MI 48375
PHONE: 248-305-9911
FAX: 248-305-9966
Website: www.rwpaul.com

This brochure provides information about Richard W. Paul and supplements the Richard W. Paul & Associates, LLC brochure. You should have received a copy of that brochure. Please contact Richard Paul if you did not receive Richard W. Paul & Associates, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Richard Paul (CRD#1068741) is available on the SEC's website at www.adviserinfo.sec.gov.

March 2, 2021

Brochure Supplement (Part 2B of Form ADV)

Supervised Person Brochure

Principal Executive Officer - Richard W. Paul, CFP®

Educational Background and Business Experience

Educational Background:

- Year of birth: 1955
- Central Texas College; General course work, no degree
- University of Detroit; CFP course work for CFP designation

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

CFP® - Certified Financial Planner™

Issued by: Certified Financial Planner Board of Standards, Inc.

Prerequisites/Experience Required: Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience

Educational Requirements: Candidate must complete a CFP-board registered program, or hold one of the following:

- | | |
|------------------------------------|-------------------------------------|
| • CPA | • Ph.D. in business or economics |
| • ChFC | • Doctor of Business Administration |
| • Chartered Life Underwriter (CLU) | • Attorney's License |
| • CFA | |

Examination Type: CFP Certification Examination

Continuing Education/Experience Requirements: 30 hours every 2-years

CEP - Certified Estate Planner

Issued by: National Institute of Certified Estate Planners

Prerequisites/Experience Required: Candidates for this course must hold a valid current license in either the financial, legal, or tax profession, or receive permission for enrollment based on some other relevant professional interest.

Educational Requirements: Candidate must complete a CEP course

Examination Type: CEP Certification Examination

Continuing Education/Experience Requirements: 1) Certificate holders must re-qualify annually based on the NICEP's most current qualifications, 2) Minimum of eight (8) hours every two (2) years in the area of estate planning, and 3) Adherence to the NICEP professional code of ethics.

RFC - Registered Financial Consultant

Issued by: International Association of Registered Financial Consultants

Prerequisites/Experience Required: Candidate must meet the following requirements:

- Four years of experience, providing evidence of having met license requirements for securities plus life and health insurance, or submits RIA affiliation information
- Candidate must have a sound record of business integrity with no suspensions or revocation of any professional licenses
- A bachelor's degree (or higher) from an accredited college or university

Educational Requirements: Candidate either has attained a professional designation (i.e. CLU, ChFC, and CFP), or has earned a baccalaureate or graduate degree in financial planning with strong emphasis on subjects relating to economics, accounting, business, statistics, finance and similar studies.

Examination Type: CFP Certification Examination

Continuing Education/Experience Requirements: 40 hours per year

Chartered Retirement Planning CounselorSM (CRPC®):

Chartered Retirement Planning Counselor is a designation granted by the College for Financial Planning. CRPC® certification requirements:

- Successfully complete the program.
- Pass the final exam.
- Comply with the Code of Ethics.
- When you achieve your CRPC® designation, you must complete 16 hours of continuing education.
- Reaffirm to abide by the Standards of Professional Conduct.
- Pay a biennial renewal fee.

Business Experience:

- Richard W. Paul & Associates, LLC; Managing Member/Investment Advisor Representative; 03/2011-Present
- Midwest Financial Consultants; Licensed Insurance Agent; 09/2007-Present
- Allegiant Asset Management, LLC; Investment Advisor Representative; 11/2009-04/2011
- Allegiant Securities, Inc.; Registered Representative; 11/2009-04/2011
- Allegiant Financial, Inc.; holding company for Allegiant Asset Management, Inc. and Allegiant Securities, Inc.; Independent Contractor; 11/2009-04/2011
- American Portfolios; Registered Representative; 09/2007-10/2009
- Questar Capital Corporation; Registered Representative; 11/1999-09/2007
- Hallmark Financial Planning; Registered Representative; 11/1999-09/2007

Other Business Activities Engaged In

Richard Paul has a financial industry affiliated business as an insurance agent. Approximately 40% of his time is spent in his insurance business. From time to time, he offers clients advice or products from those activities. Clients are not required to purchase any products.

These practices represent conflicts of interest because it gives Mr. Paul an incentive to recommend products based on the commission amount received. This conflict is mitigated

by disclosures, procedures, and the firm's Fiduciary obligation to place the interests of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

Additional Compensation

Mr. Paul receives separate, yet typical commissions from insurance companies on the insurance products he sells. He does not receive any performance-based fees.

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In connection with Advisor engaging the services of AE Wealth Management, LLC, on October 21st, 2019, AE Wealth Management, LLC provided a loan of \$135,000, which is forgivable over three (3) years so long as Advisor's relationship with AE Wealth Management, LLC continues, and Advisor meets the Loan Forgiveness Criteria as outlined in the Loan Agreement.

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Disciplinary Actions

Criminal or Civil Action: None to report.

Administrative Proceeding: None to report

Self-Regulatory Organization Proceeding: None to report.

Other Proceeding: None to report.

Supervision

As Chief Compliance Officer of Richard W. Paul & Associates, LLC, Mr. Paul is solely responsible for all supervision and formulation and monitoring of investment advice offered to clients. He will adhere to the policies and procedures as described in the firm's Compliance Manual.