

Cover Page - Item 1

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**March 6, 2021**

**Form ADV Part 2A Brochure**

The J. Arnold Wealth Management Co., LLC is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of The J. Arnold Wealth Management Co., LLC. If you have any questions about the contents of this brochure, please contact us at (330) 965-9890 or at [jon.arnold@jarnoldwealth.com](mailto:jon.arnold@jarnoldwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The J. Arnold Wealth Management Co., LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Material Changes - Item 2

The purpose of this page is to inform you of any material changes since the last annual updating amendment filed with regulators on January 23, 2020.

On March 6, 2021, we submitted our annual updating amendment with regulators for fiscal year ending 2020. We updated Item 4 of our Form ADV Part 2 brochure to reflect that as of February 21, 2021, we had discretionary assets under management of approximately \$222,878,000 and \$0 in non-discretionary assets under management.

We also revised Item 12 of our brochure to clarify that while not part of our core investment strategies, some clients may hold fee-based variable annuities. As such, transactions for sub-accounts will be implemented through a service provider selected by or affiliated with the insurance company through which the variable annuity contract is purchased, such as Nationwide. Neither our firm nor anyone associated with our firm have received or will receive commission-based compensation on these assets. We do not calculate the advisory fee; the service provider selected by or affiliated with the insurance company will calculate and deduct our fees from your annuity account.

If you would like to receive a complete copy of our current brochure free of charge at any time, please contact us at (330) 965-9890 or at [jon.arnold@jarnoldwealth.com](mailto:jon.arnold@jarnoldwealth.com).

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#### **Advisory Business - Item 4**

The J. Arnold Wealth Management Co., LLC ("JAWMC" or the "firm") is a Limited Liability Company organized in the state of Ohio. The firm has been in business since November of 2011, and the principal owner is Jon P. Arnold. Jon P. Arnold acts as the Chief Compliance Officer for the JAWMC.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, an employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly registered as investment adviser representatives.

#### **Types of Advisory Services**

Currently, we offer portfolio management and financial planning services, personalized for each individual client.

#### **Portfolio Management Services**

JAWMC offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

JAWMC evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. JAWMC will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

JAWMC generally limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, REITs, insurance products including annuities, private placements, and government securities. JAWMC may use other securities as well to help diversify a portfolio when applicable.

#### **Financial Planning Services**

Client will receive an extensive financial interview and profile. From that interview and profile the client will receive a bound financial plan outlining their budget, objectives, and other pertinent information using financial planning software. Clients will also receive market commentary from experts in the industry such as mutual fund managers. Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

#### **Client Tailored Services and Client Imposed Restrictions**

JAWMC offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the information gathered from each client. Information gathered from each client (income, tax levels, and risk tolerance levels) is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent JAWMC from properly servicing the client account, or if the restrictions would require JAWMC to deviate from its standard suite of services, JAWMC reserves the right to end the relationship.

#### **Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. Due to changes in the firm's business structure, the wrap fee program is no longer available to new clients and JAWMC is taking steps to transition clients who are invested in the program to a non wrap arrangement.

#### **Assets Under Management**

As of February 21, 2021, we had discretionary assets under management of approximately \$222,878,000 and \$0 in non-discretionary assets under management.

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

#### **Portfolio Management Services**

##### *Fees as a Percentage of Assets Under Management*

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
\$0 – \$100,000	1.00% – 1.50%
\$100,001 – \$500,000	1.00% – 1.25%
\$501,000 – \$1,000,000	1.00%

The fees are charged based on a flat percentage as opposed to a tiered rate. These fees are negotiable depending upon the needs of the client and complexity of the situation, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid monthly in arrears, and clients may terminate their contracts with five business days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization. JAWMC's fees may be higher than fees charged by other advisers for similar services.

#### ***Performance Based Fees***

For Qualified clients, JAWMC may negotiate a fee based on a combination of a percentage of assets under management and a performance fee described in further detail below. In such cases, the firm charges a maximum asset management fee of 1.00% and a maximum of 10% of the annual gross profits for the account in performance fees. The performance fee is invoiced directly to the client and is payable annually, in arrears. No performance fee will be charged, except to the extent that the amount of the capital increase exceeds the sum of any cumulative loss in the account on a yearly basis. In the event the client makes a complete withdrawal from the account on a date other than the end of the year, fees will be due at the time of withdrawal. Annual gross profits are defined as the difference in the value of the account for the previous 4 quarters, adjusted for deposits and withdrawals made during the year. Clients should note that a fee in excess of 3.00% of assets under management is in excess of industry norm and similar advisory services can be obtained for less.

#### **Financial Planning Services**

The hourly fee for these services is \$100 with a minimum of four hour a year commitment. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their contracts without penalty within five business days of signing the advisory contract. Hourly financial planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

#### **Additional Fees and Expenses**

The fees JAWMC charges are negotiable based on the amount of assets under management, complexity of Client goals and objectives, and level of services rendered. The exact fee payable by the Client will be listed in the advisory agreement signed by the Client and the firm. We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

All fees paid to JAWMC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge.

A Client could invest in a mutual fund directly, without the services of JAWMC. In that case, the Client would not receive the services provided by JAWMC which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds and the fees charged by JAWMC to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the advisory services being provided.

We do not represent, warrant, or imply that the services or methods of analysis employed by our firm can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

#### **Compensation for the Sale of Investment Products**

Certain Associated Persons of JAWMC are registered representatives with Essex Securities, LLC ("Essex Securities"), a registered broker dealer and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives, is separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. **Clients of our firm have the option to purchase investment products that we recommend through other brokers and agents that are not affiliated with our firm.**

Certain Executive Officers and other Associated Persons of JAWMC are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. **Clients of our firm are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.**

**Executive Officers and Associated Persons of JAWMC will never receive commissions for securities transactions in advisory accounts managed by JAWMC.**

#### **Performance-Based Fees and Side-By-Side Management - Item 6**

As noted in Item 5 above, JAWMC charges certain Clients a performance-based fee (i.e., a fee calculated based on

a share of capital gains upon or capital appreciation of the assets or any portion of the assets of an advisory Client) as part of our Performance Based Management Fee for separately managed accounts. We charge performance-based fees only to "Qualified Clients" who have a net worth greater than \$2,100,000, or those for whom we manage a minimum of \$1,000,000, from the beginning of our agreement for services. Performance-based fees are fees based on a share of capital gains or capital appreciation of a Client's account. The amount of the performance-based fee we charge is described in the "Fees and Compensation - Item 5" section in this Brochure.

Performance-based compensation may be larger than otherwise would be the case if the fee was calculated as a percentage of assets under management because the amount of the fee will be based on account performance. Performance based fee arrangements create the following conflicts of interest:

- Performance based fee arrangements create an incentive for JAWMC to recommend investments, which may be riskier or more speculative than those, which would be recommended under a different fee arrangement. We mitigate this conflict by selecting investments that we believe to be appropriate for clients in accordance with the firm's investment strategy;
- We stand to receive compensation with regard to unrealized (not sold) appreciation as well as realized (sold) gains in performance based management fee Client accounts. The fees charged by us in performance based management fee arrangements may be higher or lower than fees charged by other advisers for comparable services.
- We have an incentive to offer investments that we believe will be more profitable than others to performance based management fee accounts in order to earn more compensation. However, we seek to invest client accounts fairly and equally, thereby mitigating this conflict from influencing the allocation of investment opportunities among clients.

#### **Types of Clients - Item 7**

JAWMC generally provides investment advice and/or management supervisory services to Individuals and High-Net-Worth Individuals.

There is an account minimum, \$100,000 which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation. On a case per case basis, the JAWMC will allow a client with less than \$100,000.00 to invest with A FOUR HOUR minimum financial planning fee paid to cover cost of manpower/womanpower, postage, copies, and advisors time.

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

We may use one or more of the following methods of analysis when providing investment advice to you:

- *Fundamental Analysis* – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The primary risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

- *Technical Analysis* – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall. Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.
- *Cyclical Analysis* – Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company. The primary risks with cyclical analysis are similar to those of technical analysis.
- *Charting Analysis* - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index, or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends. The primary risk of charting analysis is that it may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

We may use one or more of the following investment strategies when advising you on investments:

- *Long Term Purchases* – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.
- *Short Term Purchases* – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.
- *Trading* - Trading involves purchasing securities with the idea of selling them relatively quickly. We may use this strategy to take advantage of our predictions of brief price swings. A trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize, and could result in having a long-term investment in a security that was designed to be a short-term purchase, or the potential of a loss. We do not anticipate using a frequent trading strategy. However, in the event we recommend this strategy for a particular client, they should understand that higher rates of portfolio turnover would likely result in an increase in the account's broker-dealer costs. High portfolio turnover may also result in the realization of net capital gains, and any distributions derived from such gains may be ordinary income for federal tax purposes.

**Investing in securities involves risk of loss that clients should be prepared to bear.**



The investment advice provided along with the strategies suggested by JAWMC will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**Recommendation of Particular Types of Securities:** As disclosed under the "Advisory Business" section in this Brochure, we provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Risks Associated with Investing in Equities:** Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Risks Associated with Investing in Mutual Funds:** Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

**Risks Associated with Investing in Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

#### Disciplinary Information - Item 9

On December 27, 2012, without admitting or denying the findings, Jon Arnold, the Managing Member of JAWMC, agreed to a FINRA censure and an administrative penalty in the amount of \$5,000 for placing discretionary trades for a client without obtaining written authorization from the client to exercise discretionary authority and failure to obtain prior acceptance from his broker dealer to manage the account on a discretionary basis, in violation of FINRA Rule 2010/NASD Rule 2510. The client was not harmed in any way from this transaction.

#### Other Financial Industry Activities or Affiliations - Item 10

Certain Associated Persons of JAWMC are registered representatives with Essex Securities, LLC ("Essex Securities"), a registered broker dealer, and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives, is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. **Clients of our firm have the option to purchase investment products that we recommend through other brokers and agents that are not affiliated with our firm.**

Certain Executive officers and other Associated Persons of JAWMC are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. **Clients of our firm are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.**

**Executive Officers and Associated Persons of JAWMC will never receive commissions for securities transactions in advisory accounts managed by JAWMC.**

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

#### **Description of Our Code of Ethics**

JAWMC has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes JAWMC's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of Clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of Clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of JAWMC's Code of Ethics is available upon request to our firm at (330) 965-9890 or at [jon.arnold@jarnoldwealth.com](mailto:jon.arnold@jarnoldwealth.com).

#### **Personal Trading Practices**

At times, JAWMC and/or its related persons may take positions in the same securities as Clients, which may pose a conflict of interest with Clients. JAWMC and its related persons will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our Clients. Front running (trading shortly ahead of Clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (e.g., a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be disclosed at the time of trading.

### **Brokerage Practices - Item 12**

We do not maintain physical custody of your assets; although we are deemed to have constructive custody of your assets if you give us authority to withdraw advisory fees from your account or in some cases, provide us with standing letters of authorization to transfer funds or securities to third parties (see the *Custody* section below at Item 15 of this Brochure). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer, bank, or trust company.

We have institutional custodial relationships with various broker-dealers and qualified custodians, such as E\*TRADE Advisor Services ("E\*TRADE"), Interactive Brokers, LLC ("Interactive Brokers"), and TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"). As such, depending on your needs, we may recommend one or more of these qualified custodians for your account. All recommended firms are independent and unaffiliated SEC-registered broker-dealers and members of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). These firms offer services which include custody of securities, trade execution, clearance, and settlement of transactions. We are not affiliated with recommended custodians. Our investment adviser representatives are not registered representatives of these firms; and, they do not receive commissions or other compensation from recommending the brokerage or custodial services offered by these firms.

We believe that recommended broker-dealers/custodians provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers/custodians, including the value of research provided, the company's reputation, execution capabilities, commission rates, and responsiveness to our Clients and our firm. In recognition of the value of research services and additional brokerage products and services recommended broker-dealers/custodians provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

#### **Research and Other Soft Dollar Benefits**

##### ***E\*TRADE***

Although not considered "soft dollar" compensation, JAWMC will receive various benefits from E\*TRADE in the form of access to trading, custody, reporting, and related services, many of which are not typically available to E\*TRADE retail customers. E\*TRADE also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage our business. Some of E\*TRADE's support services are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we custody client assets in accounts at E\*TRADE. Below is a description of E\*TRADE's support services:

*Services that Benefit You:* E\*TRADE's services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through E\*TRADE include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. E\*TRADE also generates reports and statements at no additional cost to our clients. E\*TRADE's services described in this paragraph generally benefit you and your account.

*Services that May Not Directly Benefit You:* E\*TRADE also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, software and other technology that:

- provide access to client account data;
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

##### ***Interactive Brokers***

JAWMC recommends Interactive Brokers based on the proven integrity and financial responsibility of the firm, best execution of orders at reasonable commission rates, and quality of client service. We are independently owned and operated and do not receive fees or commissions from any custodian or broker-dealer, although JAWMC may receive additional benefits from Interactive Brokers such as electronic delivery of client information, electronic trading platforms, institutional trading support, proprietary and/or third party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory clients.

The receipt of additional benefits may give us an incentive to require that you maintain your account with Interactive Brokers' based on our interest in receiving Interactive Brokers' services rather than your interest in receiving the best value and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of Interactive Brokers as custodian and broker is in the best interests of our clients. Our belief is primarily supported by the scope and quality of services Interactive Brokers' provides to our clients and not services that benefit only us. Additionally, these benefits are offered to all investment advisers that use Interactive Brokers' for brokerage and execution services and not just our firm.

#### ***TD Ameritrade***

There is no direct link between JAWMC's use of TD Ameritrade and the investment advice it gives to its Clients, although JAWMC receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving JAWMC participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to JAWMC by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by JAWMC's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit JAWMC but may not benefit its Client accounts. These products or services may assist JAWMC in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help JAWMC manage and further develop its business enterprise. The benefits received by JAWMC or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, JAWMC endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by JAWMC or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the JAWMC's choice of TD Ameritrade for custody and brokerage services.

#### ***Additional Custodians***

While not part of our core investment strategies, some clients may hold fee-based variable annuities. As such, transactions for sub-accounts will be implemented through a service provider selected by or affiliated with the insurance company through which the variable annuity contract is purchased (such as Nationwide) rather than with one of the recommended custodians listed above. Neither our firm nor anyone associated with our firm have received or will receive commission-based compensation on these assets. We do not calculate the advisory fee; the service provider selected by or affiliated with the insurance company will calculate and deduct our fees from your annuity account.

#### ***Best Execution***

JAWMC understands its duty for best execution and considers all factors in making recommendations to Clients. Services provided by E\*TRADE, Interactive Brokers and TD Ameritrade may be used to service all JAWMC Clients regardless of whether the Client has an account at E\*TRADE, Interactive Brokers or TD Ameritrade. While some custodians do not charge custodial fees and JAWMC does not always obtain the lowest custodial fees, JAWMC believes the fee is reasonable in relation to the value of services provided by E\*TRADE, Interactive Brokers and TD Ameritrade.

Before JAWMC approves a custodian for recommendation to Clients, and annually thereafter, JAWMC will review, as applicable, the custodian's operational, financial, and regulatory status, execution quality, commission rate, the value of research provided, financial strength, and responsiveness to our requests for trade data as well as their technological offerings, among other factors. Transaction charges, commissions, and fees may be higher or lower than Clients would pay at other firms. JAWMC believes the pricing and services provided by E\*TRADE, Interactive Brokers and TD Ameritrade are competitive with other firms offering similar services.

**Brokerage for Client Referrals**

We do not receive Client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for Client referrals.

**Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through one of our recommended broker-dealers/custodians. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their Clients to direct brokerage. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend.

**Trade Aggregation/Block Trading**

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage on a discretionary basis whenever possible and where in the Clients' best interests (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. In rare instances, such as partial fills or limited shares of thinly traded or illiquid stocks, it may be necessary to place block trades for only small groups of Clients over a period of time. Subject to our discretion regarding factual and market conditions, typically when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs; or, in some cases, each Client pays the same fixed fee per transaction. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

**Review of Accounts - Item 13**

Client account holdings are reviewed at least weekly only by Jon P. Arnold, Managing Member. Jon P. Arnold is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at JAWMC are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Jon P. Arnold, Managing Member. There is only one level of review and that is the total review conducted to create the financial plan.

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

Each client will receive a written statement on at least a quarterly basis from the custodian. The statement details the client's account, including assets held and asset value which will come from the custodian.

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

Occasionally, associated persons of our firm attend training and/or due diligence meetings sponsored by various third party vendors. This can create a conflict of interest because third parties may pay all or a portion of travel expenses associated with these meetings. We always strive to act in the best interest of our clients and their specific situations.

We and our related persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for Client referrals.

#### **Custody - Item 15**

JAWMC is deemed to have custody of Client funds solely because of the fee deduction authority granted by the Client in the investment advisory agreement and in certain situations where we accept standing letters of authorization from clients to transfer assets to third parties.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. The custodial statement is the official record of your account for tax purposes.

#### **Investment Discretion - Item 16**

JAWMC offers portfolio management services on a discretionary basis. JAWMC will manage Client accounts on a discretionary basis if the Client has granted discretionary authority in the advisory agreement. Discretionary authority extends to the type and amount of securities to be bought and sold, and does not require advance Client approval. Apart from the deduction of advisory fees, JAWMC does not have the ability to withdraw funds or securities from the Client's account.

You may limit our discretionary authority by providing us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

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

JAWMC does not vote proxies. It is the Client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

#### **Financial Information - Item 18**

We are required in this Item to provide you with certain financial information or disclosures about JAWMC's, financial condition. JAWMC does not require the prepayment of over \$1,200, six or more months in advance, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

**Requirements of State-Registered Advisers - Item 19**

**This section is not applicable because our firm is SEC registered.**

**The J. Arnold Wealth Management Co., LLC Privacy Notice**

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

**INFORMATION WE COLLECT**

The J. Arnold Wealth Management Co., LLC (JAWMC) must collect certain personally identifiable financial information about its customers to provide financial services and products. The personally identifiable financial information that we gather during the normal course of doing business with you may include:

- information we receive from you on applications or other forms;
- information about your transactions with us, our affiliates, or others;
- information we receive from a consumer reporting agency.

**INFORMATION WE DISCLOSE**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as necessary to provide services to you. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as our attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

**CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those Employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

**ACCURACY**

JAWMC strives to maintain accurate personal information in our client files at all times. However, as personal situations, facts and data change over time; we encourage our clients to provide feedback and updated information to help us meet our goals.