

**Item 1 Cover Page**

Part 2A of Form ADV: Firm Brochure



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This brochure provides information about the qualifications and business practices of Prime Investment Advisory Corporation (dba Prime Investment Advisors), a registered investment advisor. Registration as an investment advisor 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 301-951-5233 or [steve@primeinvestor.com](mailto:steve@primeinvestor.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 Prime Investment Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Prime's CRD number is 111498.

## **Item 2    Material Changes**

Since the last annual amendment to this brochure which was filed on March 31, 2021 the following change has been made to our Part 2 Brochure: Prime has reached the level of assets under management to the point where we are required to change our primary regulatory authority to the U.S. Securities and Exchange Commission (SEC).

Consistent with the new rules, Prime will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, Prime will provide you with other interim disclosures about material changes as necessary.

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## Item 4 Advisory Business

Prime Investment Advisors (referred to as "Prime") is an investment advisor with its principal place of business located in Maryland. Prime began conducting business in 1991.

Stephen S. Polan is the firm's principal shareholder.

Prime engages solely in investment advisory services. The scope of Mr. Polan's activities, including Prime, is allocated as follows:

Mr. Polan's Activities:

- Asset Management (Prime) 96%
- Financial & Investment Advice (Prime) 4%

### INVESTMENT ADVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

Prime provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Clients are asked to complete an Investment Policy Statement (IPS) questionnaire at the time of their initial engagement with Prime. In addition, through personal discussions in which goals and objectives based on a client's particular circumstances are established, Prime develops a client's personal investment policy and creates and manages the portfolio based on that policy. During its data-gathering process, Prime determines the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, Prime also reviews and discusses a client's prior investment history, as well as family composition and background.

Prime regularly gives all clients the opportunity to review and update their IPS due to a change in their circumstances, risk tolerance, investment horizon, etc.

Investment Advisory Services are provided in which clients retain Prime on a discretionary basis. Prime executes trades in accordance with that client's Investment Policy Statement.

(Some clients who were engaged prior to 2007 elected not to convert to discretionary engagements. These clients have engaged Prime on a nondiscretionary basis and are provided recommendations to trade in the client account via e-mail or verbal agreement with written follow up via e-mail. Prime recommends trades in accordance with that client's Investment Policy Statement. Prime only executes approved trades. Prime will make every attempt to contact clients who have not approved trades in a timely manner.)



Assets managed by a Separate Account Manager (SAM) are managed strictly on a discretionary basis. The features of the SAM account are described elsewhere in the brochure. We contract the SAM account managers directly subject to account minimums being attainable. If not, we contract SAMs through Envestnet which has access at lower account minimums.

Prime's investment advisory services are comprised of an asset allocation program using publicly traded securities, primarily no-load mutual funds and various load mutual funds purchased at NAV when permissible through Fidelity Investments (Fidelity), Exchange Traded Funds (ETFs), and individual stocks and bonds. Institutional shares of mutual funds are used when possible in order to reduce costs. Existing "A" shares of mutual funds are converted to "I" shares when possible and reasonable.

Prime profiles each client to determine the client's investment objectives and to establish guidelines for the most suitable portfolio for that client.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Timely execution of trade recommendations can impact the performance of a trade and even result in the loss of a security in short supply, such as a bond. Clients that engaged Prime on a nondiscretionary basis must assume that risk.

Clients investing in mutual funds should be aware that management fees charged by Prime are in addition to fees and expenses of the fund, which are disclosed in the mutual fund prospectus.

Prime can buy other securities products which are directly or indirectly publicly traded on a reputable U.S. or international exchange in which applicant deems appropriate in order to address the individualized needs, goals and objectives of the client. This includes employer granted stock incentives which are related to the publicly traded securities of the employer.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **FINANCIAL PLANNING**

A client engages Mr. Polan to evaluate the appropriateness of their personal finances. Depending on the engagement, Mr. Polan reviews and/or prepares the following:

1. Cash flow and net worth;
2. Retirement and other life-style hypothetical plans;
3. Compensation issues and planning;
4. Education fund and other goal-oriented analyses;
5. Employee benefits and personal insurance coverage;
6. Income taxes, but only to the extent that they relate to the above items 1 through 5;

7. Estate and gift planning and transfer taxes, but only to the extent that they relate to the above items 1 through 5.

Financial counseling is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans.

Prime gathers required information through in-depth personal interviews. Information gathered including the client's current financial status, tax status, future goals, familiarity with investments, expectation of potential rates of return and attitudes towards risk. Prime carefully reviews documents supplied by the client (including a questionnaire completed by the client) and prepares a written report. Should the client choose to implement the recommendations contained in the plan, Prime suggests the client work closely with his/her attorney, accountant, insurance agent, and/or investment advisor. Implementation of financial plan recommendations is entirely at the client's discretion.

Prime also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

In general, personal financial counseling can address any or all of the following areas:

**PERSONAL:** Prime reviews family records, budgeting, personal liability, estate information and financial goals.

**TAX & CASH FLOW:** Prime analyzes the client's income tax and spending and planning for past, current and future years; then illustrates the impact of various investments on the client's current income tax and future tax liability.

**INVESTMENTS:** Prime analyzes investment alternatives and their effect on the client's portfolio.

**INSURANCE:** Prime reviews existing policies to ensure proper coverage for life and disability.

**RETIREMENT:** Prime analyzes current strategies and investment plans to help the client achieve his or her retirement goals.

**DEATH & DISABILITY:** Prime reviews the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

**ESTATE:** Prime assists the client in assessing and developing long-term strategies, including as appropriate, review of estate taxes, living trusts, wills, powers of attorney, and asset protection plans.

## **AMOUNT OF MANAGED ASSETS**

As of 12/31/2020, Prime had \$132,700,000 of client assets under management. Of this, \$121,600,000 is actively managed on a discretionary basis and \$11,100,000 on a non-discretionary basis.

Clients retain Prime on a discretionary basis, including assets managed by a SAM with the exception of clients discussed elsewhere in the brochure.

## **Item 5 Fees and Compensation**

### **FEES FOR FINANCIAL PLANNING SERVICES**

Prime provides personal financial counseling. Clients are advised in writing in advance of the fee engagement that designated fee services will be billed at a stated hourly rate of \$400-450/hour. Work performed by administrative staff is billed at \$85-\$100/hour. Fees are billed in arrears and payable upon receipt of the bill. Fees are non-negotiable.

### **INVESTMENT ADVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

Investor shall pay an annual Asset Management fee, paid quarterly in arrears, to Prime and calculated as follows:

- a. For assets held in the account:
  - i. An annual fixed income asset management fee of one half of one percent (.50%) on the value of all fixed income assets in the aggregated Account up to and including \$125,000. Once the value of these assets exceeds \$125,000, the annual fixed income asset management fee shall be calculated on the excess at eighty percent (80%) of .50% or .40%. Plus:
  - ii. An annual equity asset management fee of one percent (1.0%) on the value of all other assets in the aggregated Account up to and including \$375,000. Once the value of these assets exceeds \$375,000, the annual equity asset management fee shall be calculated on the excess at eighty percent (80%) of 1.0% or .80%.
  - iii. For assets held in a Separate Account Manager (SAM) account, the annual asset management fee is seven-tenths of one percent (.70%) on the value of all assets managed by the SAM, plus all transaction fees, commissions and redemption fees incurred in the SAM account. SAM assets are excluded from the above-referenced calculations except for cash and money market funds which are considered fixed income.

Investor shall pay all transaction fees, commissions/loads or redemption fees charged directly by the custodian.

(Investors obtained prior to 2012 are grandfathered and are reimbursed for transaction fees charged by the Custodian except those charged directly to liquidate assets transferred in kind into the account.)

Asset management fees are billed in arrears (at the end of the billing period) on a quarterly basis and calculated based on the fair market value of the account as of the last business day of the billing period. At the time the account is opened and the time frame when the account is closed, fees are prorated based on the number of days in the quarter that services are provided.

Fees may be negotiable at the discretion of the advisor.

Clients investing in mutual funds should be aware that management fees charged by Prime are in addition to fees and expenses of the fund, which are disclosed in the mutual fund prospectus. It is the responsibility of the client, and not the custodian, to verify the accuracy of the advisor's fee calculations.

Prime shall collect all fees due hereunder out of the current investment income realized in the Account and, if such income shall be insufficient, from the principal assets of the Account. Prime shall collect all fees from the Account quarterly but only upon delivery of a statement which includes a calculation of the quarterly fee. If Prime shall be unable to collect its fees out of the Account assets for any reason, the client shall pay the same to Prime promptly upon demand.

Fees are billed quarterly in arrears. Prime instructs the custodian to deduct management fees directly from the managed account unless instructed otherwise by the client and with the advisor's consent.

The term of the investment advisory service shall commence upon the receipt of a signed Investment Advisory Agreement and delivery to the Custodian of the assets constituting the Account. This Agreement shall continue in force until terminated (i) by the client or Prime giving the other party at least ten (10) days prior notice of termination, or (ii) as otherwise provided herein. Following any notice of termination, Prime shall not initiate any further investment transactions for the account but will take the necessary steps to complete any open transactions.

#### **GENERAL INFORMATION**

The terms of the Investment Advisory Agreement may be amended via written notification from the Advisor to the Investor at least 30 days prior to the effective date of any changes to the Agreement.

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of ten (10) days written notice.

**Mutual Fund Fees:** All fees paid to Prime are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will 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 our services. In that case, the client would not receive the services provided by Prime 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 our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Separately Account Managed Fees:** With the client's authorization, Prime can use the services of SAMs to manage all or part of the client's account. Prime will only engage SAMs that manage a certain sector of their equity portfolio, for example, a "Large Cap Value" style manager. The SAM asset management is given the power to manage the account on a discretionary basis. The SAM is not related to Prime and charges for its services directly by debiting the client's account for its quarterly fees. The client agrees to accept the terms of the SAM advisory agreement, including the SAM asset management fee, which usually will range from one-half of one percent (0.50%) to one and one-half percent (1.5%) per year of the assets managed by the SAM. A review of the SAM contract will indicate if the SAM bills in advance or in arrears of the quarterly period. Prime can contract with Envestnet to access SAMs that have unattainable minimum requirements.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer in which an independent investment manager places trades in a client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Prime Investment Advisors' minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, Prime's minimum account requirements may differ among clients.

**ERISA Accounts:** Prime Investment Advisors is deemed to be a fiduciary to advisory client accounts that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). Prime is subject to specific duties and obligations under ERISA and the Internal Revenue Code that includes among other things, restrictions concerning certain forms of compensation. Prime is a Registered Investment Advisor, and not affiliated with a broker dealer. As such, Prime will only charge fees for its Investment Advisory Services.

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

Prime does not charge performance-based fees.

## **Item 7 Types of Clients**

Prime provides advisory services to the following types of clients:

- High net worth individuals (> \$1M);
- Individuals;
- Pension and Profit Sharing plans (other than plan participants);
- Charitable organizations.

As previously disclosed in Item 5, Prime has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

The minimum account is \$100,000. The \$100,000 minimum can be waived, if prospective asset deposits allow the client to satisfy the \$100,000 minimum within a reasonable time, usually twelve months.

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

### **METHODS OF ANALYSIS**

Mr. Polan uses a mixture of strategic and tactical asset allocation strategies in designing each client's portfolio asset allocation. All of the clients' registered accounts' (individual, joint, trusts and retirement accounts) are aggregated for the purpose of establishing one asset allocation model.

A base-line asset allocation model is designed based on the client's goals and objectives using information obtained from the completed Investment Policy Statement (IPS) and client interviews. The portfolio is assigned an asset allocation model to effectively position investment assets into various asset classes to systematically diversify the portfolio holdings and emphasize the balance between risk, reward, tax consequences and liquidity.

Each client portfolio is reviewed at least once per quarter, to capitalize on a diversified portfolio of non-correlated asset classes that offers the opportunity to take profits on higher-performing (in-favor) asset classes and reinvest the proceeds in under-performing (out-of-favor) asset classes. Based on the client's availability, Prime conducts semi-annual one-on-one portfolio reviews with each client either in person or over the phone.

The portfolio model is tactically adjusted to increase or decrease exposure in asset classes that are expected to outperform or underperform for several reasons including 1) economic forecasts, 2) projected trends in the economic cycle and 3) analysis of portfolio data and institutional research.

In addition to industry specific institutional publications, Mr. Polan subscribes to institutional research services and software tools including:



1. **Morningstar Office** tracks historical statistics and editorial analyses on equity and bond mutual funds; exchange traded funds (ETFs) and stock indices. Morningstar Office also offers analyses of client portfolios in the aggregate and by individual asset, enabling Prime to evaluate specific securities (individual domestic and foreign stocks and bonds) held in mutual funds that are otherwise not transparent. It also contains financial planning software that utilizes Modern Portfolio Theory to optimize Portfolio design through asset allocation and diversification through the Ibbotson Securities database in establishing projected portfolio performance based on recent mutual fund reported holdings. Morningstar Office is also used for client asset management reports to evaluate specific client portfolios both currently and on a historical basis.
2. **Principia CAMS** provides asset management reports to evaluate specific client portfolios both currently and on a historical basis. All non-qualified assets contain accurate tax basis information either directly from Fidelity downloads or manually input based on client records.
3. **Informa** Information Systems Research Database offers historical statistical data and editorial analyses on Separate Account Managers (SAMs).
4. **Zack's Ultimate Security Research** provides an additional layer of independent research to help Prime evaluate securities. While Morningstar is the primary security research tool used by Prime, Zack's is also used to rank each security on its own merits and not just within its asset class (as Morningstar does). Securities are assigned a rating of buy, hold or sell.
5. **Money Guide Pro** provides Prime with the interactive and analytical tool to run Retirement Plans based on clients' answers to retirement questionnaire and downloaded or input assets held in their portfolios.

(These abbreviated descriptions illustrate how Mr. Polan uses these tools in his investment advisory practice and is not intended to be a representation of the products' uses by other advisors.)

### RISK OF LOSS

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific

investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds ETFs, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

**Market Risk:** Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

**Equity (stock) market risk:** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

**Company Risk:** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**Fixed Income Risk:** When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

**Options Risk:** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

**ETF and Mutual Fund Risk:** When our firm invests in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.

**Management Risk:** Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## **Item 9 Disciplinary Information**

Prime is required to disclose all legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Prime is also required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which Prime or management personnel were found liable or against whom an award was granted.

Prime and its management personnel have no reportable disciplinary events to disclose.

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

Mr. Polan is a licensed CPA in Maryland. In 2014, Mr. Polan sold his tax practice to Klausner Bendler + Associates. In 2016, Klausner Bendler + Associates divided into two firms: Klausner & Company, PC and Bendler Mason & Company, PC. Bendler Mason & Company, PC has since become Bendler & Company, PC. Two principals of these firms, Cal Klausner and Jeremy Bender, are investment advisor representatives of Prime for which they are compensated by Prime. For further information, please see ADV Part 2B for both.

Prime's policy to refer all life, health and long-term care insurance business to Stephen Derrick of the Derrick Financial Group.

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

Prime has adopted a Code of Ethics which sets forth high ethical standards of business conduct that Prime requires of its employees, including compliance with applicable federal securities laws.

Prime Investment Advisors and its personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

It is Prime's policy that no person employed by Prime may purchase or sell any security prior to a transaction(s) being implemented for an advisory account on the same day, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts for that day.

Prime or any related person(s) may have an interest or position in a certain security(ies) (mostly fixed income and equity mutual funds and ETFs) which may also be recommended to a client.

As these situations may represent a conflict of interest, Prime has established the following restrictions in order to ensure its fiduciary responsibilities:

1. A director, officer or employee of Prime shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of Prime shall prefer his or her own interest to that of the advisory client.
2. Prime maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. These holdings are reviewed on a regular basis by Mr. Polan, President.
3. Prime requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

It is further noted that Prime is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, Prime has adopted a firm wide policy statement outlining insider trading compliance by Prime and its associated persons and other employees. This statement has been distributed to all associated persons and other employees of Prime and has been signed and dated by each such person. A copy of such firm wide policy is left with such person and the original is maintained in a master file. Further, Prime has adopted a written supervisory procedures statement highlighting the steps which shall be taken to implement the firm wide policy. These materials are also distributed to all associated persons and other employees of Prime. They are signed, dated and filed with the insider trading compliance materials. There are provisions adopted for (1) restricting access to files, (2) providing continuing education, (3) restricting and/or monitoring trading on those securities of which Prime's employees may have nonpublic information, (4) requiring all of Prime's employees to conduct their trading through a specified broker or reporting all transactions promptly to Prime and (5) monitoring the securities trading of the firm and its employees and associated persons.

## Item 12 Brokerage Practices

Prime has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Prime with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Prime in conducting business and in serving the best interests of our clients.

Prime uses Fidelity to hold client assets. Fidelity sends independent monthly reports to clients. Prime considered factors in engaging Fidelity as custodian, including; the breadth and cost of their services and the ability to accurately and timely execute transactions. Prime monitors these factors regularly to ensure that clients are



receiving satisfactory service at satisfactory costs. Fidelity's services remain highly ranked among other custodians by Barron's, leading in technology and research library.

Fidelity enables Prime Investment Advisors to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity has eliminated transaction costs on securities traded on a public stock exchange, specifically individual stocks and ETFs. As part of the Fidelity arrangement, Fidelity also makes available to Prime, at a discounted cost, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Prime (within specified parameters).

Prime is not related to Fidelity. Prime has chosen to primarily use three of Fidelity's money market funds: 1) Fidelity Treasury Money Market; 2) Fidelity Government Cash Reserves; and 3) Fidelity Government Money Market. Prime uses them primarily to hold cash for the immediate needs of the client. On occasion, Prime has invested in various Fidelity mutual funds including but not limited to: Fidelity Low Priced Stock Fund, Fidelity Contrafund, Fidelity Limited Term Muni Fund, Fidelity Intermediate Term Muni Fund and Fidelity Maryland Muni Bond Fund. These funds were chosen on the merits of the fund's performance. Prime does not receive any compensation for the use of these funds.

**Block Trading Policy:** Transactions implemented by Prime for client accounts are generally affected independently, unless the firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the firm when Prime believes such action may prove advantageous to clients. When Prime aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution and to allocate orders among clients on a more equitable basis in order to avoid differences in prices that might occur when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Prime determines to aggregate client orders for the purchase or sale of securities, the firm will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, Prime does not receive any additional compensation or remuneration as a result of aggregation.

## **Item 13 Review of Accounts**

### **INVESTMENT ADVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within individual portfolios are continually monitored, each portfolio's asset allocation and balances are reviewed at least once per quarter. Accounts are reviewed in the context of each client's stated investment objectives and guidelines and their assigned asset allocation model. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.



**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from Fidelity, Prime provides quarterly reports summarizing account performance, balances and holdings.

Mr. Polan, President of Prime, performs the reviews of all client portfolios. Prime does not control the individual stocks held in accounts managed by SAM's. Prime evaluates the SAM's performance as a whole and may terminate the SAM's contract when

in the best interest of the client.

Fixed income positions are money market funds, individual bonds, bond mutual funds or preferred stocks. Individual bonds are selected primarily on issuer's ability to meet their obligations under the bond indenture. Individual bonds are almost always held to maturity. Bond mutual funds are monitored to confirm the appropriateness of the portfolio's average credit quality, average maturity/duration and to verify that average yield is competitive.

Data for all portfolio equities are monitored on a daily basis and compared to a benchmark for relative performance. Prime participates in monthly/quarterly portfolio manager conference calls and contacts portfolio managers more frequently, as is necessary.

Computer generated compilations of quarterly investment balances, with performance statistics and asset distribution, in which applicant is engaged under contract as investment advisor, are provided quarterly.

Clients' assets are held in the custody of Fidelity Investments (Fidelity), an independent custodian, as discussed above. Fidelity independently sends monthly statements for each client account. Prime receives copies of the monthly statements. Clients may review their account positions online at [www.fidelity.com](http://www.fidelity.com).

**CLIENT CONFERENCES:** Mr. Polan is in regular contact with clients as frequently as possible. Clients are encouraged to review their account and economic forecast via face to face or telephone meeting following the release of their quarterly statements.

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

### **CLIENT REFERRALS**

**REFERRALS BY PRIME:** Prime will refer clients to other brokers, to the extent that Prime does not provide certain services. Clients engage these brokerage professionals directly. The broker's products, research and services that are made available to the client are not reviewed by Prime.

Pursuant to IA-1092, the following statement is also made by Mr. Polan:

- 1 If the need for insurance arises during the course of client discussions, his best practice is to refer insurance business to Mr. Stephen Derrick of the Derrick Financial Group.
- 2 Clients are under no obligation to have Prime or its associated persons implement any suggestions made in a written financial plan and have total freedom to purchase insurance with any company of their choice.
- 3 Clients who are Medicare eligible are often referred to Kevin Dougherty of KMD Insurance Associates, LLC for assistance with the transition to Medicare and supplemental plan selection.
- 4 **REFERRALS TO PRIME:** Prime has entered into a "Solicitor Agreement" with Mr. Klausner and Mr. Bendler and registered Mr. Klausner and Mr. Bendler as Investment Advisor Representatives of Prime. See attached ADV Part 2Bs. In the ordinary course of their CPA professional practices, Mr. Klausner and Mr. Bendler are occasionally asked by clients for referrals to investment professionals. As solicitors, in the states of Virginia and Maryland, they can introduce their clients to Prime for investment services, whereby Prime will pay Mr. Klausner or Mr. Bendler thirty-three percent (33%) of Prime's net investment advisory fees. This percentage is negotiable and is disclosed to the client in a written "Solicitation Agreement" which is required to be acknowledged in writing by the client.

Mr. Klausner and Mr. Bendler have satisfied Virginia and Maryland state requirements by passing the Series 65 exam. In their roles as solicitors, they do not provide personalized investment advice to the client.

## **Item 15 Custody**

Prime has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Prime with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Prime in conducting business and in serving the best interests of our clients.

Prime is not related to Fidelity. Fidelity serves as an independent custodian for all of Prime's clients' assets. With the exception of drafting client quarterly fees, Prime must have the client's approval to transfer assets out of the client's accounts.

Fidelity provides clients with daily access to their account information via online access. They also issue hard copy or electronic statements to clients on a monthly basis. Prime urges clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 Investment Discretion**

Clients may hire Prime to provide discretionary asset management services, in which case Prime places trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell;
- Determine the amount of the security to buy or sell; and/or
- Determine the price and time at which to execute a trade.

Clients give Prime discretionary authority when they sign a discretionary investment advisory agreement with Prime and may limit this authority via written instructions to Prime.

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

As a matter of firm policy, Prime does not vote proxies on behalf of clients. Therefore, although Prime may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

### **Item 18 Financial Information**

Under no circumstances does Prime require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, Prime is not required to include a financial statement.

Prime has not been the subject of a bankruptcy petition at any time during the past ten years.

Prime has no additional financial circumstances to report.

### **Item 19 Privacy Policy**

The policy of Prime is to protect the confidentiality, integrity and security of any nonpublic personal information of clients and prospective clients and to prevent unauthorized access to, or the use or disclosure of such information. Prime collects, retains and uses information about clients only where it is believed to be useful to administer the business and to provide services and other opportunities to clients.

Prime collects nonpublic personal information about clients from the following sources: information received from clients; and information about clients' transactions with Prime or others.

Prime does not disclose any nonpublic, personal information about clients to anyone, except as permitted or required by law; when clients have specifically authorized Prime to do so in writing; or when required to execute transactions for client accounts or otherwise to provide services clients have requested. Appropriate notices will be provided to prospective and existing clients concerning Prime's policies and procedures regarding privacy rules.

If a client decides to close his/her account(s) or become an inactive customer, Prime adheres to the privacy policies and practices as described above.

Prime restricts access to clients' personal and account information to those employees who need to know that information to provide products or services to clients. Prime maintains physical, electronic, and procedural safeguards to guard clients' nonpublic personal information.

These policies apply to customers of Prime in its role as a registered investment advisor. Information about customers may be shared with regulators as required.

**Part 2B of Form ADV: Firm Brochure Supplement – Stephen S. Polan**



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May 2021

This brochure supplement provides information about **Stephen Shepard Polan** that supplements the Prime Investment Advisors brochure. You should have received a copy of that brochure. Please contact Stephen S. Polan 301-951-5233 if you did not receive Prime Investment Advisors' brochure or if you have any questions about the contents of this supplement.

Additional information about **Stephen Shepard Polan** is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

**Born:** 1956

### **Education**

University of Maryland; BA—Accounting; 1978

University of Baltimore; MS—Taxation; 1985

### **Business Experience**

Ernst and Young:

1978-1980: Audit and Tax Department;

MCI Communications Corporation:

1980 to 1986: Federal and State Tax; Employee Benefit Plan;

Prime Financial Resources;

1986 to Present: President; CPA and Financial Counseling;

Prime Investment Advisors;

1991 to Present: President; Registered Investment Advisor.

### **Designations**

Stephen Polan has earned the following designation(s) and is in good standing with the granting authorities:

Certified Public Accountant (CPA)—1978

***Certified Public Accountant (CPA):*** CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels, and successful passage of the Uniform CPA Examination. On December 31, 2015, Mr. Polan reclassified his CPA license status to inactive.

Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence; fully disclose any conflicts of interest (and obtain client consent if a conflict exists); maintain client confidentiality, disclose to the client any commission or referral fees; and serve the public interest when providing financial services.

Certified Financial Planner (CFP)—1994

***Certified Financial Planner (CFP):*** CFP® certificants must pass the comprehensive CFP® Certification Examination, pass CFP Board's Fitness Standards for Candidates and Registrants, agree to abide by CFP Board's Code of Ethics and Professional Responsibility which puts clients' interests first and comply with the Financial Planning Practice Standards which spell out what clients should be able to reasonably expect from the financial planning engagement.

To become certified, CFP's are required to meet various certification requirements, including 1) hold a bachelor's degree from an accredited educational institution; 2) pass the CFP Certification Examination; 3) accumulate five years of relevant personal financial planning experience; and 4) complete the certification to adhere to CFP Board's Code of Ethics and Professional Responsibility, Rules of Conduct and Financial Planning Practice Standards. Once authorized to use the CFP® marks, a CFP must meet CFP Board's renewal standards to continue to use them. The CFP® certification must be renewed every two years.

#### Personal Financial Specialist (PFS)—2001

***Personal Financial Specialist (PFS):*** To attain the PFS credential, a candidate must hold an unrevoked CPA license, fulfill 3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam and be an active member of the AICPA. A PFS credential holder is required to adhere to AICPA's Code of Professional Conduct and is encouraged to follow AICPA's Statement on Responsibilities in Financial Planning Practice. To maintain their PFS credential, the recipient must complete 60 hours of financial planning CPE credits every three years. The PFS credential is administered through the AICPA.

#### Item 3 Disciplinary Information

Stephen Polan has no reportable disciplinary history.

#### Item 4 Other Business Activities

Clients should be aware that the receipt of additional compensation by Prime Investment Advisors and its management persons or employees for referrals to and or from other financial services providers as discussed in Item 14 could create a conflict of interest that may impair the objectivity of Prime and these individuals when making advisory recommendations. Prime endeavors at all times to put the interest of its clients first as part of its fiduciary duty as a registered investment advisor.

For other information regarding other business activities, please refer to Item 10.

#### Item 5 Additional Compensation

Stephen Polan does not receive any economic benefit from a non-advisory client for the provision of advisory services.

#### Item 6 Supervision

Stephen Polan is the President of Prime Investment Advisors and, therefore, has no supervisor. Prime Investment Advisors has a written Policies and Procedures Manual which is evaluated

and updated once a year. The purpose of the Policies and Procedures Manual is to set standards and internal controls for the firm, its employees, and its businesses. These policies and procedures are designed to prevent, detect, and correct any violations of regulatory requirements. They also include other areas such as an outline of the company's best execution practices, insider trading policy, etc.

As President and Chief Compliance Officer of Prime Investment Advisors, it is Stephen Polan's responsibility to ensure that all employees are familiar with and follow the Policies and Procedures as set forth in the manual.

**Part 2B of Form ADV: Firm Brochure Supplement – Jeremy P. Bendler**



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May 2021

This brochure supplement provides information about **Jeremy P. Bendler** that supplements the Prime Investment Advisors brochure. You should have received a copy of that brochure. Please contact Stephen S. Polan 301-951-5233 if you did not receive Prime Investment Advisors' brochure or if you have any questions about the contents of this supplement.

Additional information about **Jeremy P. Bendler** is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

**Born:** 1977

### **Educational Background:**

Virginia Polytechnic Institute - Bachelor of Science – Biology, 1999

Montgomery College - Associate of Applied Science – Accounting, 2003

### **Professional Accreditations:**

Certified Public Accountant - 2006

***Certified Public Accountant (CPA):*** CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels, and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) per year.

Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence; fully disclose any conflicts of interest (and obtain client consent if a conflict exists); maintain client confidentiality, disclose to the client any commission or referral fees; and serve the public interest when providing financial services.

Business Valuation (ABV) from the American Institute of C.P.A.'s - 2007

### **Business Experience:**

Prime Investment Advisors, Investment Advisor Representative, 01/2011 to Present.

Bendler & Company, PC, 01/01/2018 to Present.

Bendler Mason and Company, PC, 08/2016 to 12/31/2017.

Klausner Bendler +Assoc., PC, CPA, 01/2007 to 07/2016.

Klausner Dubinsky + Assoc., PC., CPA, 11/2004 to 12/2006.

Informational Management Services, Inc., Analyst 02/2000 to 11/2004.

## Item 3 Disciplinary Information

Jeremy P. Bendler has no reportable disciplinary history.

**Item 4 Other Business Activities**

Jeremy P. Bendler is a founding partner and CPA for Bendler & Company, PC, in Bethesda, Maryland. Mr. Bendler is also owner of Schedule Sea, LLC, in Bethesda, MD.

**Item 5 Additional Compensation**

Jeremy P. Bendler does not receive any economic benefit from a non-advisory client for the provision of advisory services.

**Item 6 Supervision**

Stephen Polan is the President of Prime Investment Advisors and, therefore, and is responsible for the overall supervision of the firm. Prime Investment Advisors has a written Policies and Procedures Manual which is evaluated and updated once a year. The purpose of the Policies and Procedures Manual is to set standards and internal controls for the firm, its employees, and its businesses. These policies and procedures are designed to prevent, detect, and correct any violations of regulatory requirements. They also include other areas such as an outline of the company's best execution practices, insider trading policy, etc.

As President and Chief Compliance Officer of Prime Investment Advisors, it is Stephen Polan's responsibility to ensure that all employees are familiar with and follow the Policies and Procedures as set forth in the manual. Stephen Polan can be contacted at 301-951-5233.

**Part 2B of Form ADV: Firm Brochure Supplement – Cal Klausner**



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May 2021

This brochure supplement provides information about **Cal Klausner** that supplements the Prime Investment Advisors brochure. You should have received a copy of that brochure. Please contact Stephen S. Polan 301-951-5233 if you did not receive Prime Investment Advisors' brochure or if you have any questions about the contents of this supplement.

Additional information about **Cal Klausner** is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

**Born:** 1950

### **Educational Background:**

California State University – Bachelor of Science - 1972

### **Professional Accreditations:**

Certified Public Accountant in Maryland, 1974 and Virginia 1999

***Certified Public Accountant (CPA):*** CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels, and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) per year.

Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence; fully disclose any conflicts of interest (and obtain client consent if a conflict exists); maintain client confidentiality, disclose to the client any commission or referral fees; and serve the public interest when providing financial services.

Business Valuation (ABV) from the American Institute of C.P.A.'s – 2000

Certified Fraud Examiner (CFE) from Association of Certified Fraud Examiners – 1998

### **Business Experience:**

Prime Investment Advisors, Investment Advisor Representative - 8/2014 to present.

Register Investment Advisor Representative, State of Maryland since 1999.

Klausner & Company, PC, 08/2016 to Present.

Klausner Bendler +Assoc., PC, CPA, 01/2007 to 07/2016.

Klausner Dubinsky + Associates, PC, CPA - 1/1986 to 12/2006.

**Item 3 Disciplinary Information**

Cal Klausner has no reportable disciplinary history.

**Item 4 Other Business Activities**

Cal Klausner is a founding partner and CPA for Klausner and Company, PC, in Arlington, Virginia.

Member of Professional Organizations including:

American Institute of Certified Public Accountants;

Association of Certified Fraud Examiners;

Virginia Society of Certified Public Accountants.

**Item 5 Additional Compensation**

Cal Klausner does not receive any economic benefit from a non-advisory client for the provision of advisory services.

**Item 6 Supervision**

Stephen Polan is the President of Prime Investment Advisors and, therefore, and is responsible for the overall supervision of the firm. Prime Investment Advisors has a written Policies and Procedures Manual which is evaluated and updated once a year. The purpose of the Policies and Procedures Manual is to set standards and internal controls for the firm, its employees, and its businesses. These policies and procedures are designed to prevent, detect, and correct any violations of regulatory requirements. They also include other areas such as an outline of the company's best execution practices, insider trading policy, etc.

As President and Chief Compliance Officer of Prime Investment Advisors, it is Stephen Polan's responsibility to ensure that all employees are familiar with and follow the Policies and Procedures as set forth in the manual. Stephen Polan can be contacted at 301-951-5233.