



**MOLLOT & HARDY, INC.**  
WEALTH ADVISORS

## ***Molloy & Hardy, Inc.***

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### ***Disclosure Brochure***

March 11, 2022

This brochure provides information about the qualifications and business practices of Molloy & Hardy, Inc. If you have any questions about the contents of this brochure, please contact us at 716.691.7121. 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.

Molloy & Hardy, Inc., is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Molloy & Hardy, Inc., also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ***ITEM 2: SUMMARY OF MATERIAL CHANGES***

A disclosure brochure is made available to you initially when you enter into an advisory relationship with us. Annually, as warranted, and no later than April 30, we will provide a summary of any material changes to our brochure, which includes the date of the last annual update and information on how you may obtain a complete updated brochure free of charge. We may also provide updated disclosure information about material changes on a more frequent basis.

Since our last disclosure brochure was filed, we have updated the regulatory assets under management for the firm.

Our current brochure may be requested by contacting Alan R. Mollot, President and Chief Compliance Officer at 716.691.7121 or at [alan@mollot.com](mailto:alan@mollot.com). We will provide you with a brochure at any time without charge.

Additional information about us and about persons affiliated with us who are registered as our investment adviser representatives ("your advisory representative") is also available via the SEC's website, at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Information regarding your advisory representative can also be found in the supplement to this brochure (ADV Part 2B).

Mollot & Hardy, Inc.  
CRD Number 128377

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## **ITEM 4: ADVISORY BUSINESS**

### **A) Ownership/Advisor History**

Mollot & Hardy is a corporation organized under the laws of the State of New York. Alan R. Mollot founded the Amherst, NY based investment advisory firm in 1970 and is the principal owner. Mollot & Hardy offers asset management and financial planning services.

### **B) Types of Advisory Services**

Thorough personal discussions in which goals and objectives based on your particular circumstances are established, we develop a customized personal investment plan for you. These plans include either a comprehensive financial plan or limited plans focusing on:

- Estate planning
- Personal investment planning
- Retirement planning
- Business planning, or
- Pension analysis.

We may create and manage a portfolio based on the plan in conjunction with the services offered through other independent investment advisers. Account supervision is guided by your stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income).

We may also offer a program which is sponsored by an unaffiliated broker-dealer and/or SEC registered investment adviser. This program provides comprehensive investment management of your assets through the application of asset allocation planning software, as well as the provision of execution, clearing and custodial services.

You receive the benefits of:

- Risk tolerance assessment
- Efficient frontier plotting
- Fund profiling and performance data, and
- Portfolio optimization and re-balancing.

Using these tools, we construct portfolios consisting of:

- Mutual funds
- Equities
- Debt securities

You will sign a separate contract with the custodian that will more fully describe and explain this program.

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

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

In managing your investment portfolio, we consider your:

- Financial situation
- Risk tolerance

- Investment horizon
- Liquidity needs
- Tax considerations
- Investment objectives, and
- Any other issues important to your state of affairs.

You should notify us promptly if there are any changes in your financial situation or investment objectives or if you wish to impose any reasonable restrictions upon the management of your account.

#### D) Wrap Program

Molloy & Hardy participates in and offers wrap programs sponsored by FSC and other third-party managers. A separate disclosure brochure is provided to you when a wrap program is recommended to you.

#### E) Client Assets Managed

As of December 31, 2020, we managed approximately \$74 million in client assets on a discretionary basis.

### **ITEM 5: FEES AND COMPENSATION**

#### A) Fee schedule

Our fee is calculated based upon the market value of the assets in your account on the last day of the previous quarter.

Broker-dealers and other financial institutions that hold client accounts are referred to as custodians ("custodians/broker-dealer"). Your custodian/broker-dealer determines the values of the assets in your portfolio.

Fees charged are dependent upon the third-party investment advisory services and the asset class selected. The fees generally range from 1% to 2.5% inclusive of both our and the third-party's investment advisory fee.

Fees for managed accounts are based upon the amount of asset under management subject to the fee schedule below:

<u>Assets Under Management</u>	<u>Maximum Advisory Fee<sup>1</sup></u>
\$50,000 - \$249,999	2.30%
\$250,000 - \$499,999	2.05%
\$500,000 - \$749,999	1.80%
\$750,000 - \$1,249,999	1.55%
\$1,250,000 - \$1,999,999	1.30%
\$2,000,000 - \$4,999,999	1.05%
\$5,000,000 - \$24,999,999	0.90%
Over \$25,000,000	0.80%

<sup>1</sup>All fees are negotiable at our sole discretion

## B) Payment of Fees

Fees for the initial quarter are based on the value of your cash and securities on the date the custodian/broker-dealer receives them and are prorated based upon the number of calendar days in the calendar quarter that our agreement is in effect.

You must authorize us to have the custodian/broker-dealer pay us directly by charging your account. This authorization must be provided in writing. One-fourth of the annual fee is charged each calendar quarter.

A statement that includes the value of your investments, our advisory fee and how it is calculated is sent to you on a quarterly basis. Your custodian/broker-dealer also provides you with statements that show the amount you paid directly to us. You should compare the statement we send to you versus your custodian/broker-dealer statement and verify the calculation of our fees. Your custodian/broker-dealer does not verify the accuracy of the fee calculation.

## C) Client responsibility for Third-Party Fees

In addition to our fee, you may be required to pay other charges such as:

- Custodial fees
- Brokerage commissions
- Transaction fees
- Internal fees and expenses charged by mutual funds or exchange traded funds ("ETFs")
- Fees charged by third party managers
- Maintenance and termination fees for IRAs, certain retirement and qualified accounts, and
- Other fees and taxes on brokerage accounts and securities transactions.

None of these fees are paid to or shared with us.

Mutual fund companies, ETFs and variable annuity issuers charge internal fees and expenses for their products. These fees and expenses are in addition to any advisory fees charged by us. Complete details of these internal fees and expenses are explained in the prospectuses for each investment. You are strongly encouraged to read these explanations before investing any money. You may ask us any questions you have about fees and expenses.

If you purchase mutual funds through the custodian/broker-dealer, you may pay a transaction fee that would not be charged if the transactions were made directly through the mutual fund company. Also, mutual funds held in accounts at brokerage firms may pay internal fees that are different from funds held at the mutual fund company.

While you may purchase shares of mutual funds directly from the mutual fund company without a transaction fee, those investment would not be part of our advisory relationship with you. This means that they would not be included in our investment strategies, investment performance monitoring, or portfolio reallocations.

Please be sure to read Item 12: Brokerage Practices, which follows later in this brochure.

## D) Prepayment of Fees

Mollot & Hardy collects our advisory fees in advance of receiving our services. All advisory services can be terminated within 5 days of engaging us without penalty (full refund or no fees dues) when our Disclosure Brochure is not delivered at least 48 hours before the time

of engagement. Otherwise, services can be terminated at any time with a written notice. You are only billed for time incurred by us until receipt of the notice of termination. If a portion of the fees were prepaid, we will promptly refund any unearned fees due back to the client. Financial planning services terminate automatically upon the delivery of the agreed upon services.

Should either one of us terminate the advisory agreement we have entered into before the end of a billing period, any unearned fees that were deducted from your account will be returned to you by us. The amount refunded to you is calculated by dividing the most recent advisory fee you paid by the total number of days in the quarter. This daily fee is then multiplied by the number of calendar days in the quarter that our agreement was in effect. This amount, which equals the amount we earned for the partial quarter, is subtracted from the total fee you paid in advance to determine your refund.

#### **E) Outside Compensation for the Sale of Securities to Clients**

Our advisory representatives are also registered representatives of FSC, a registered broker/dealer, member FINRA/SIPC, and registered investment advisers. If you choose to implement your financial plan through FSC, commissions may be earned by your financial advisor in addition to any fees paid for advisory services. In addition, the financial advisor may be entitled to a portion of the internal expense fees (i.e., 12b-1 fees) charged by mutual funds.

We may receive benefits such as assistance with conferences and educational meetings from product sponsors.

Our advisory representatives may also recommend various asset management firms through their affiliation with such firms. If you establish an investment advisory relationship with one of these firms, our financial advisors may share in the advisory fees you pay to these asset management firms.

The above arrangements present a conflict of interest because they create an incentive to make recommendations based upon the amount of compensation we receive rather than based upon your needs. We will explain the specific costs associated with any recommended investments with you upon request. We also recommend no-load and load-waived mutual funds to further reduce conflicts of interest. Additionally, you have the option to purchase investment and insurance products through other brokers or agents who are not affiliated with us.

### ***ITEM 6: PERFORMANCE -BASED FEES***

Performance-based fees are designated to give a portion of the returns of an investment to the investment adviser as a reward for positive performance. The fee is generally a percentage of the profits made on the investments. We do not charge performance-based fees on any of our client accounts.

### ***ITEM 7: TYPES OF CLIENTS***

We provide advisory services primarily to high-net-worth individuals, including their trusts estates and retirement accounts. We also provide services to corporations or business entities including their pension and profit-sharing plans. As a condition for starting and maintaining an account, we generally require a minimum portfolio size of \$250,000. We, at our sole discretion, may accept

clients with smaller portfolios based upon certain factors including anticipated future earning capacity, anticipated future additional assets, account composition, related accounts and pre-existing client relationships. We may consider the portfolios of your family members to determine if your portfolio meets the minimum size requirement.

## ***ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS***

### **A) Methods of Analysis and Investment Strategies**

We select specific investment for your portfolios through the use of fundamental analysis. Fundamental analysis is a method of evaluating a company that has issued a security by attempting to measure the value of its underlying assets. It entails studying overall economic and industry conditions as well as the financial condition and the quality of the company's management. Earning, expenses, assets, and liabilities are all important in determining the value of a company. The value is then compared to the current price of the issuing company's security to determine whether to purchase, sell or hold the security.

Our investment strategies may include long-term and short-term purchases and sales. You may place reasonable restrictions on the strategies to be employed in your portfolio and the types of investments to be held in your portfolio.

### **B) Material Risks Involved**

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

### **C) Risks of Specific Securities Utilized**

We will generally use, but are not limited to, the following securities in a client's portfolio: mutual funds, equities, bonds and other corporate debt instruments, money market funds and cash. Although we manage your portfolio in a manner consistent with your risk tolerances, there can be no guarantee that our efforts will be successful. All investments are subject to loss, including, among other things, loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. You should ask questions about risks you do not understand. Recommended investment strategies seek to balance risks and rewards to achieve investment strategies. You should be prepared to bear the risk of loss.

## ***ITEM 9: DISCIPLINARY INFORMATION***

We have not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

## ***ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS***

We have no relationship or arrangement with other related financial entities that are material to our advisory business or to you as our client.



As explained earlier under Item 5: Fees and Compensation, our advisory representatives are licensed as registered representatives with FSC. We are also a licensed insurance broker, and our advisory representatives are licensed insurance agents with various insurance companies. These arrangements present a conflict of interest because they create an incentive to make recommendations based upon the amount of compensation your advisory representative can receive rather than based upon your needs.

As previously noted, we will explain the specific costs associated with any recommended investments with you upon request. We also recommend no-load and load-waived mutual funds to further reduce conflicts of interest. You have the option to purchase investment and insurance products through other brokers or agents who are not affiliated with us.

Our advisory representatives may also recommend various asset management firms through their affiliation with such firms. If you establish an investment advisory relationship with one of these firms, our financial advisors may share in the advisory fees you pay to these asset management firms.

## ***ITEM 11: CODE OF ETHICS; PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING***

### **A) Code of Ethics**

We have adopted a *Code of Ethics* (“Code”) to address the securities-related conduct of our advisory representatives and employees. The *Code* includes our policies and procedures developed to protect your interests in relation to the following:

- The duty at all times to play your interests ahead of ours;
- That all personal securities transactions of our advisory representatives and employees be conducted in a manner consistent with the *Code* and avoid any actual or potential conflict of interest, or any abuse of an advisory representative’s or employee’s position of trust and responsibility;
- That advisory representatives may not take inappropriate advantage of their positions;
- That information concerning the identity of your security holdings and financial circumstances are confidential; and
- That independence in the investment decision-making process is paramount.

We will provide a copy of the *Code* to you or any prospective client upon request.

### **B) Recommendations Involving Material Financial Interests**

Mollot & Hardy, its owner and investment adviser representatives do not have a material interest in any securities.

### **C) Investing in the Same Securities**

We do not buy or sell securities for our firm that we also recommend to clients. Our advisory representatives and employees are permitted to buy or sell the same securities for their personal and family accounts that are bought or sold for your account(s). The personal securities transactions by advisory representatives and employee may raise potential conflicts of interest when they trade in a security that is owned by you or is being considered for purchase or sale for your account.

We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- Require our advisory representatives and employees to act in your best interest,
- Prohibit favoring one client over another, and
- Provide for the review of transactions to discover and correct any same-day trades that result in an advisory representative or employee received a better price than a client.

Advisory representatives and employees must follow our procedures when purchasing or selling the same securities purchased or sold for you.

**D) Recommending the Same Securities**

From time to time, representatives of Molloy & Hardy may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Molloy & Hardy to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Molloy & Hardy will never engage in trading that operates to the client's disadvantage if representatives of Molloy & Hardy buy or sell securities at or around the same time as clients.

## ***ITEM 12: BROKERAGE PRACTICES***

**A) Recommendation Criteria**

We will work with you to identify a custodian/broker-dealer for your account. That may be FSC and Pershing, LLC, FSC's clearing firm (collectively, "FSC/Pershing") or it may be a different custodian/broker-dealer depending upon costs and services available to you and/or us. Whatever custodian/broker-dealer is chosen will assist us in servicing your accounts. We are independently owned and operated and not affiliated with any custodian/broker-dealer. Our use of certain custodians/broker-dealers, however, can be a beneficial business arrangement for us and for them. Information regarding the benefits of these relationships is described below and in your contract with the custodian/broker-dealer. You are encouraged to ask questions, so you are able to fully understand the relationship between us and your custodian.

Our recommendation of a specific custodian/broker-dealer is based in part on our existing relationships, the custodian's financial strength, reputation, breadth of investment products, and the cost and quality of custody and brokerage services provided to you and our other clients.

The determining factor in the selection of a custodian/broker-dealer to execute transactions for your accounts is not the lowest possible transaction cost, but whether that custodian/broker-dealer can provide what is in our view the best qualitative execution for your account.

**(1) Research and other Soft Dollar Benefits**

We receive economic benefits as a result of our relationships with our custodians/broker-dealers because we do not have to produce or purchase the products and services above. These services are not contingent upon us committing any specific amount of business to the custodians/broker-dealers in

trading commissions. Mollot & Hardy does not enter into any “soft dollar” arrangements with custodians/broker-dealers through which we receive research or other services based on commission generated in your account or the number of transactions effected in your account.

The custodian/broker-dealer chosen for your account does not charge separately for holding our client accounts but may be compensated by you through other transaction-related fees associated with the securities transactions they execute for your account(s).

The custodian/broker-dealer also makes available to us other products and services that benefit us but may not benefit you directly. Some of these products and services assist us in managing and administering our client accounts, such as software and other technology.

The custodian/broker-dealer chosen by you may also make available or arrange for these types of services to be provided to us by independent third parties. It may discount or waive the fees that would otherwise charge for some of the services it makes available to us. Thus, we receive economic benefits as a result of our relationship with the custodian/broker-dealer because we do not have to produce or purchase the products and services listed above.

Because the amount of our compensation or the products or services we receive may vary depending on the custodian/broker-dealer we recommend to be used by our clients, we may have a conflict of interest in making that recommendation. Our recommendation of specific custodian/broker-dealers may be based in part on the economic benefit to us and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. We nonetheless strive to act in your best interests at all times.

Commissions and other fees for transactions executed through your chosen custodian may be higher than commissions and other fees available if you use another custodian/broker-dealer firm to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by the custodians/broker-dealers we work with outweighs the benefit of possibly lower transactions costs which may be available under other brokerage arrangements.

Many of the services described above may be used to benefit all or a substantial number of our accounts, including accounts not maintained through a particular custodian/broker-dealer. We do not attempt to allocate these benefits to specific clients.

## (2) Brokerage for Client Referrals

Mollot & Hardy receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## (3) Directed Brokerage

You may direct us in writing to use a particular broker-dealer to execute some or all of the transactions for your account. If you do so, you are responsible for negotiating the terms and arrangements for the account with that broker-dealer. We may not be able to negotiate commissions, obtain volume discounts, or best execution. In addition, under these circumstances a difference in commission charges may exist between the commissions charged to clients who direct us to

use a particular broker or dealer and other clients who do not direct us to use a particular broker or dealer.

B) Aggregating Trades for Multiple Clients Accounts

Mollot & Hardy does not aggregate or “bunch” trades for multiple client accounts.

### ***ITEM 13: REVIEW OF ACCOUNTS***

A) Frequency and Nature of Periodic Reviews

We perform an initial review of your overall financial condition that includes retirement planning and an investment review. All client accounts are monitored on an ongoing basis with a formal review conducted at least annually or as agreed upon with individual clients. The review focus on the consistency of portfolio investments with each client’s stated objectives and risk tolerances. Reviews also consider investment restrictions requested by individual clients, investment time horizons, liquidity needs, tax considerations and other circumstances unique to each client. On a quarterly basis, the performance of each client account is reviewed to monitor consistency with market benchmarks that we deem applicable.

B) Factors that Will Trigger a Non-Periodic Review

Account reviews may also be triggered by other factors such as changes in general economic and market conditions, analyst reports, issuer news and interest rate movement. Your advisory representative is responsible for all reviews.

C) Reports

You will receive statement from the custodian/broker-dealer at least quarterly. These statements identify your current investment holdings, the cost of each of those investments and their current market values. You will also receive performance analysis reports prepared by us which describe the returns realized on the investments in your account.

### ***ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION***

A) Client Referrals

We do not directly or indirectly compensate any person who is not one of our advisory representatives or employees for client referrals.

B) Other Compensation

We receive certain economic benefits as a result of our participation in institutional programs with the custodians/broker-dealers with whom we do business. Those benefits are described in detail in Item 12: Brokerage Practices.

### ***ITEM 15: CUSTODY***

You will receive statements from the custodian/broker-dealer that holds your investment account on at least a quarterly basis. We urge you to carefully review these statements and compare

them to the account statements that we may provide you. You should verify that the transactions in your account are consistent with your investment goals and the objectives for your account. We also encourage you to contact your advisory representative or our Chief Compliance Officer should you have any questions or concerns regarding your account.

### ***ITEM 16: INVESTMENT DISCRETION***

We offer our advisory services on both a discretionary and non-discretionary basis.

In general, we offer our advisory services on a non-discretionary basis unless you agree and authorize us to have discretion in your advisory agreement. Providing advisory services on a non-discretionary basis means that we need advance approval from you to determine the type and amount of securities to be bought and sold for your account(s). As agreed to in the investment advisory agreements that you sign, we will act, on your behalf, to rebalance your portfolio to agreed-to target allocations. This is considered non-discretionary. Furthermore, we do not have the ability to choose the broker-dealer through which transactions will be executed. Additionally, we do not have the ability to withdraw funds from your account (other than to withdraw our advisory fees which may only be done with your prior written authorization).

When we offer our services on a discretionary basis, we do so through a limited trading authority so that we do not need advance approval from you to determine the type and amount of securities to be bought and sold for your accounts. This discretion is used in a manner consistent with the statement investment objectives for your account(s), if you have given us written authority to do so. We only exercise discretion in accounts where we have been authorized by your to do so. This authorization is typically included in the advisory agreement you enter into with us. You have the opportunity to place reasonable restrictions on the type of securities to be included in your account.

### ***ITEM 17: VOTING CLIENT SECURITIES***

We do not take any action or give any advice with respect to voting the proxies solicited by or with respect to the issuers of securities in which your accounts may be invested. In addition, we do not take any action or give any advice with respect to any securities held in any account that are named in or subject to class action lawsuits. We will, however, forward to you any information received by us regarding proxies and class action legal matters involving any securities held in your account(s).

### ***ITEM 18: FINANCIAL INFORMATION***

#### **A) Balance Sheet**

Mollot & Hardy neither requires nor solicits prepayment of more than \$500 in fees per client, six month or more in advance, and therefore is not required to include a balance sheet with this brochure.

#### **B) Financial Conditions**

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you.

#### **C) Bankruptcy**

We have not been the subject of a bankruptcy proceeding.