

Black Diamond Financial, LLC

Brochure

Dated: March 31, 2022

Contact: Jaime Desmond, Chief Compliance Officer
434 Hartford Drive
Nutley, New Jersey 07110
www.bdfria.com

This brochure provides information about the qualifications and business practices of Black Diamond Financial, LLC. If you have any questions about the contents of this brochure, please contact us. 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 Black Diamond Financial, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

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

Item 2 Material Changes

There have been no material changes made to this Brochure since Black Diamond's initial Form ADV.

However, Item 8 has been revised to more clearly disclose the Registrant's financial industry affiliations.

Item 3 Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business	3
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-by-Side Management	9
Item 7	Types of Clients.....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9	Disciplinary Information	12
Item 10	Other Financial Industry Activities and Affiliations	12
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	14
Item 12	Brokerage Practices	15
Item 13	Review of Accounts.....	17
Item 14	Client Referrals and Other Compensation	17
Item 15	Custody.....	18
Item 16	Investment Discretion.....	18
Item 17	Voting Client Securities.....	18
Item 18	Financial Information	19

Item 4 Advisory Business

- A. Black Diamond Financial, LLC (the “Registrant”) is a limited liability company formed in March 2021 in the state of New Jersey. The Registrant became registered as an Investment Adviser Firm in June 2021. The Registrant is solely owned by Black Diamond Financial Holdings, LLC which in turn is principally owned and controlled by Philip Blancato and Jaime Desmond.

B.

INVESTMENT ADVISORY SERVICES

The Registrant provides discretionary investment advisory services on a wrap or non-wrap fee basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client’s particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

Registrant's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services.

NON-WRAP FEE BASIS

The Registrant provides discretionary investment advisory services on a non-wrap fee basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management, generally between negotiable and 1.75%.

BLACK DIAMOND INVESTMENT PROGRAM

The Registrant sponsors the Black Diamond Investment Program (the “Program”) through which it offers discretionary investment management services on a wrap fee basis. The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants.

Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance and investment management fees.

The current annual Program fee ranges from negotiable to 1.75%, depending upon the complexity of the account, the amount of the client assets in the Program and the independent/separately managed accounts utilized by the client’s investment portfolio.

The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with disclosure requirements. All prospective Program participants should read both the Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its asset management services, the balance of the wrap fee after all other non-excluded costs (including account transaction fees) incorporated into the wrap fee have been deducted. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by the Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Wrap Program-Conflict of Interest. Under the Registrant's wrap program, the client generally receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

Because wrap program transaction fees and/or commissions are being paid by the Registrant to the account custodian/broker-dealer, the Registrant has an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account.

RETIREMENT PLAN SERVICES

The Registrant also provides retirement plan services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds or exchange-traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Services Agreement* between the Registrant and the plan sponsor.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. As indicated above, the Registrant may provide recommendations regarding non-investment related matters, such as estate planning, tax planning and insurance, the Registrant does not serve as a law firm or accounting firm and no portion of Registrant's services should be construed as legal or accounting services. Accordingly, the Registrant does not prepare estate planning documents or tax returns.

To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Registrant in their separate individual capacities as representatives of Ladenburg, a FINRA member broker-dealer, and/or as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** the Registrant, shall be responsible for the quality and competency of the services provided.

Cash Positions. Registrant continues to treat cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund.

When the account is holding cash positions, those cash positions will be subject to the same fee schedule as set forth below.

Retirement Plan Rollovers–Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a **conflict of interest** if Registrant will earn new (or increase its current) compensation as a result of the rollover. If Registrant provides a recommendation as to whether a client should engage in a rollover or not, Registrant is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.**

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

Interval Funds. When consistent with a client's investment objectives, Registrant may allocate investment assets to "interval funds." Investment companies structured as "interval funds" are generally designed for long-term investors that do not require daily liquidity. Shares in interval funds typically do not trade on the secondary market. Instead, their shares are subject to periodic redemption offers by the fund at a price based on net asset value. Accordingly, interval funds are subject to liquidity constraints. Interval funds investing in securities of companies with smaller market capitalizations, derivatives, or securities with

substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Generally, the interval funds recommended by Registrant offer a two to three-week period, on a quarterly basis, during which the client may seek the redemption of previously purchased interval funds.

Independent Managers. Registrant may recommend that the client allocate a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation, and client investment objectives. The Registrant generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s) are borne by the Registrant.

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

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

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV and Client Relationship Summary as set forth in Form CRS shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. There is no significant difference between how the Registrant manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (*See* Item 4.B). The services included in a wrap

fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

- E. As of December 31, 2021, the Registrant had \$0 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

When engaged to provide discretionary investment advisory services on a wrap or non-wrap fee basis, the Registrant's annual investment advisory fee shall vary from negotiable up to 1.75% as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
\$0-\$500,000	1.75%
\$500,000 - \$1,000,000	1.5%
\$1,000,000 - \$2,000,000	1.25%
above \$2,000,000	negotiable

Before engaging Registrant to provide investment advisory services, clients are required to enter into a discretionary *Investment Advisory Agreement*, setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided.

BLACK DIAMOND INVESTMENT PROGRAM

Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance and investment management fees.

The current annual Program fee ranges from negotiable to 1.75%, depending upon the complexity of the account, the amount of the client assets in the Program and the independent/separately managed accounts utilized by the client's investment portfolio.

Clients may be responsible for, but not limited to, fees for trades executed away from the account's custodian, trustee fees, mutual fund internal expenses, ETF internal expenses, mark-ups, mark-downs, transfer taxes, fees charged by independent managers and/or separately managed accounts (when such managers require the client to enter into a dual contract relationship) odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts (Such fees are in addition to any fees paid by the client to the Registrant and are

between the client and the account custodian). These fees are in addition to the Registrant's Program fee.

RETIREMENT PLAN SERVICES

The Registrant also provides retirement plan services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds or ETFs) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. The Registrant charges an annual fee for Retirement Consulting Services which ranges from 0.10% to 1.00% of plan assets depending on the services requested and the size of the plan.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. The Registrant's agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. Unless otherwise agreed, the Registrant shall deduct fees and/or bill clients quarterly in arrears.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab & Co. Inc., ("Schwab") or National Financial Services ("NFS"), serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab and NFS charge brokerage commissions and/or transaction fees for effecting certain securities transactions.

Clients who choose to engage the Registrant on a wrap fee basis will not incur transaction or custodial service fees in addition to the Registrant's wrap fee.

However, all clients will incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Asset-Based Pricing Arrangements and Limitations. Registrant may recommend or require that clients enter into an "Asset-Based" pricing agreement with the account broker-dealer/custodian. Under an "Asset-Based" pricing arrangement, the broker-dealer/custodian charges a fixed percentage fee for all account commissions/transactions based on the amount of assets placed in custody and/or on the broker-dealer/custodian's platform, and not based upon the number of transactions executed. Generally, in an Asset-Based pricing arrangement, the applicable fixed percentage fee decreases as the account value increases. In the alternative, the broker-dealer/custodian could charge a separate commission/transaction fee upon the execution of an account transaction. This is referred to as a "Transaction-Based" pricing arrangement. Under a Transaction-Based pricing arrangement, the amount of fees charged by the broker-dealer/custodian to the client will vary depending upon the number of and type of transactions that are placed for the account.

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. Any variance will be detailed in the agreement between the Registrant and the client. The Registrant adjusts for inflows and outflows during the billing period. The Registrant does

not require a minimum asset level or impose a minimum annual fee for investment advisory services.

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall charge the client a pro-rated advisory fee based upon the number of days service was provided during the final billing period.

- E. **Registered Representatives of Ladenburg.** In the event that the client desires, the client can engage certain of Registrant's representatives, in their separate and individual capacities, as registered representatives of Ladenburg Thalmann & Co. Inc. ("Ladenburg"), a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through Ladenburg, Ladenburg will charge brokerage commissions to effect securities transactions, a portion of which commissions Ladenburg shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by Ladenburg may be higher or lower than those charged by other broker-dealers. In addition, Ladenburg, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation by one of our investment adviser representatives that a client purchase a commission product from Ladenburg presents a conflict of interest, as the receipt of commissions provides an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives.
2. Clients may purchase investment products recommended by Registrant through other, non-affiliated registered representatives of a broker dealer.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services. However, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

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

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

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, pension and profit-sharing plans, trusts, estates and charitable organizations.

The Registrant may, in its sole discretion, charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, householdings of related accounts, account composition, negotiations with client, etc.).

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

A. The Registrant may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

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

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

Investors generally face the following types investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

- **Reinvestment Risk**: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Liquidity Risk**: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk**: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

B. The Registrant's method of analysis and investment strategy does not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

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

Covered Call Writing. Covered call writing is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position before its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for positions with little price volatility.

Borrowing Against Assets/Risks. A client who has a need to borrow money could determine to do so by using:

- **Margin**-The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,

- **Pledged Assets Loan**- In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e. custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, Registrant does not recommend such borrowing unless it is for specific short-term purposes (i.e. a bridge loan to purchase a new residence). Registrant does not recommend such borrowing for investment purposes (i.e. to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to Registrant:

- by taking the loan rather than liquidating assets in the client's account, Registrant continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by Registrant, Registrant will receive an advisory fee on the invested amount; and,
- if Registrant's advisory fee is based upon the higher margined account value, Registrant will earn a correspondingly higher advisory fee. This could provide Registrant with a disincentive to encourage the client to discontinue the use of margin.

The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

- C. Currently, the Registrant primarily allocates client investment assets among various exchange traded funds and mutual funds, individual equities (stocks) and debt instruments (bonds) on a discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

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

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of Ladenburg.** As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of Ladenburg Thalmann & Co. Inc. ("Ladenburg"), a FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or a representative of the foregoing.
- C. **Registered Representatives of a Broker Dealer.** As disclosed above in Item 5.E, certain of Registrant's representatives are registered representatives of Ladenburg, a FINRA

member broker-dealer. Clients can choose to engage Registrant's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

Licensed Insurance Agents. Certain of the Registrant's representatives are licensed insurance agents. Clients can choose to engage these representatives, in their individual capacities, to purchase insurance products on a commission basis.

Conflict of Interest: The recommendation by Registrant's representatives, that a client purchase an insurance or securities commission product presents a conflict of interest, as the receipt of commissions provides an incentive to recommend insurance or securities products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase insurance or securities products recommended by Registrant through other, non-affiliated insurance agents or registered representatives.

Dually Registered Investment Adviser Representatives. Certain of the Registrant's representatives are also investment adviser representatives of Ladenburg Thalmann Asset Management Inc., an unaffiliated SEC registered investment adviser ("LTAM"). In certain circumstances, Registrant's representatives may recommend LTAM's advisory services to clients.

Conflict of Interest: The recommendation by Registrant's representatives, that a client engage LTAM for investment advisory services presents a conflict of interest, as the receipt of compensation provides an incentive to recommend LTAM's services, rather than on a particular client's need.

Other Industry Affiliates

The Registrant is solely owned by Black Diamond Financial Holdings, LLC which in turn is principally owned and controlled by Philip Blancato and Jaime Desmond. Mr. Blancato and Ms. Desmond are related persons of LTAM, an investment advisory firm. LTAM is a wholly-owned subsidiary of Advisor Group Holdings, Inc. ("AGHI"). AGHI is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P. an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes, RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P., and The Berliniski Family 2006 Trust.

The Registrant has the following affiliates, which are wholly owned subsidiaries of AGHI.

Securities America Financial Corporation (SAFC) Holding Company	100% owned by AGHI
Securities America, Inc. (SAI) Broker/Dealer	100% owned by SAFC
Securities America Advisors, Inc. (SAA) Registered Investment Advisor	100% owned by SAFC
Ladenburg Thalmann Asset Management, Inc. (LTAM) Registered Investment Advisor	100% owned by AGHI
Ladenburg Thalmann & Co., Inc. (LTCO) Broker/Dealer	100% owned by AGHI

Triad Advisors, LLC Registered Investment Advisor, Broker/Dealer & Insurance	100% owned by AGHI
Triad Hybrid Solutions, LLC Registered Investment Advisor	100% owned by AGHI
Highland Capital Brokerage Insurance Company	100% owned by AGHI
Premier Trust, Inc. Trust Company	100% owned by AGHI
Arbor Point Advisors, LLC	Majority owner SAFC

The Registrant also has related persons who are under common control of AGHI. The following chart details the Related Persons, which are wholly owned subsidiaries of Advisor Group, Inc. (AGI), which is a wholly owned subsidiary of AGHI.

Advisor Group, Inc. (AGI) Holding Company	100% owned by AGHI
Royal Alliance Associates, Inc. (RAA) Registered Investment Advisor, Broker/Dealer	100% owned by AGI
Financial Service Corporation (FS Corp) Holding Company	100% owned by AGI
FSC Securities Corporation (FSC) Registered Investment Advisor, Broker/Dealer	100% owned by FS Corp
SagePoint Financial Inc (SPF). Registered Investment Advisor, Broker/Dealer	100% owned by AGI
Woodbury Financial Services, Inc (WFS). Registered Investment Advisor, Broker/Dealer	100% owned by AGI
Vision2020 Wealth Management Corp. Registered Investment Advisor	100% owned by AGI

Some of the Registrant's business operations involve directing clients to products or services of our Related Persons. In that case the Registrant or our Related Persons can receive compensation when doing so which results in a conflict of interest. The Registrant maintains policies and procedures to ensure recommendations made to you are in your best interest.

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

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

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

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

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons.” The Registrant’s securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with online access to their holdings and securities transactions for monitoring and verification purposes.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

Item 12 Brokerage Practices

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

Factors that the Registrant considers in recommending Schwab or NFS (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to seek best execution, a client may pay a commission that is

higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from Schwab and NFS (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

There is no corresponding commitment made by the Registrant to Schwab, NFS or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

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

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

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or “bunch” such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

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

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant receives an economic benefit from Schwab and NFS. The Registrant, without cost (and/or at a discount), receives support services and/or products from Schwab and NFS.

There is no corresponding commitment made by the Registrant to Schwab, NFS or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Registrant's Chief Compliance Officer, Jaime Desmond, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.

- B. Neither the Registrant nor any of its representatives compensates any person other than its supervised persons for client referrals.

Item 15 Custody

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

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Item 16 Investment Discretion

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

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

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

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