

**Form ADV Part 2A  
Investment Advisor Brochure**

**Cover Page**

<b>Name of Registered Investment Advisor</b>	<b>R.F. Lafferty &amp; Co., Inc.</b>
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<b>Date of Last Revision</b>	<b>March 30, 2023</b>

**This Form ADV Part 2A (Investment Advisor Brochure)** gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

**Additional information about our firm is available on the SEC's website at:**<http://www.adviserinfo.sec.gov/www.adviserinfo.sec.gov>.

## **1. About RF Lafferty & Co., Inc.**

R.F. Lafferty & Co., Inc. ("RFL") is a registered broker/dealer with the Financial Industry Regulatory Authority ("FINRA") and a Registered Investment Adviser ("RIA") in state jurisdictions where applicable. Established in 1946 as a broker/dealer, RFL conducts retail brokerage on a transaction-based service. Commencing in 2006 as an RIA, RFL also provides managed account and financial planning services. Henry Hackel is President of RFL since 1980 and has been in the financial services industry since 1968.

## **2. MATERIAL CHANGES**

This Brochure is an annual update. The material changes are listed below.

Item 2A – SEC Registration/Reporting

RFL is no longer a large advisory firm and is now a multi-state advisor relying on rule 203A-2(d).

Item 5A, Item 5B, Item 5D and Item 5F

The number investment advisor representatives and the total assets under management at RFL has decreased.

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#### **4. ADVISORY BUSINESS**

RFL provides management services called (“**RFL Advisor Program**”) or “Advisor Program”) with RBC Correspondent Services (“RBC”) and Pershing acting as “custodian” and offering back-office support.

**As of March 30, 2021, RFL has \$34,144,754 of assets under management. All portfolios are managed on a discretionary basis.**

RFL’s Investment Advisor Representative (“IA Rep” or “Financial Consultant” in accordance with the Advisor Program Agreement) conducts an initial interview and data-gathering questionnaire to determine the client's financial situation and investment objectives, and to give the client the opportunity to impose reasonable restrictions on the management of the account. Clients could leave standing instructions with the IA Rep to refrain from investing securities or types of securities or invest in limited amounts of securities. The IA Rep recommends a portfolio that may consist of stocks, bonds, mutual funds, options, CDs, ETFs, and US government securities. Based on client need, other securities may be considered (e.g., ADRs, foreign equities, warrants, and commercial paper). An asset allocation will be determined at the account set-up. Mutual funds will be offered at net asset value (without sales charge) or may include no load funds.

Quarterly, the IA Rep will notify the client to contact the IA Rep if there have been any changes in the client's financial situation or investment objectives, or to impose or modify account restrictions. The IA Rep will contact or attempt to contact the client periodically but no less than annually on these matters. It is the client's responsibility to notify the IA Rep at any time there are changes. Clients may call in at any time during normal business hours to discuss directly with the IA Rep about the client's account, financial situation, or investment needs. Clients will receive from the custodian/brokerage firm timely confirmations and at least quarterly statements containing a description of all transactions and all account activity. The client will retain rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program. In addition to custodial statements, RFL makes available client quarterly Portfolio Review reports prepared by

RBC and are available per client's request. The reports are customized at the account set-up. RFL advisory recommends to all clients to review the performance statements along the custodian statement to ensure accuracy.

Financial Planning Services consistent with the individual client's tax status as well as their financial risk/reward parameters and personal financial objectives. Planning may focus on investments, insurance planning, taxes, retirement planning, risk management issues, and goal setting including education funding, and/or estate plans. Investment recommendations may consist of stocks, bonds, mutual funds, options, CDs, ETFs, and US government securities. Based on client need, other securities may be considered (e.g., foreign equities, warrants, and commercial paper). Vehicles such as variable life insurance or variable annuities, disability and/or life insurance may also be recommended based on client needs and objectives. The financial plan is only included with the RFL Advisor Program if requested by the client.

Through its investment advisor representatives, RFL provides financial planning, consulting and fee-only investment advisory services to individuals, pension and profit-sharing plans, trusts, estates or charitable organizations, corporations, or other business entities. No additional fees for these services.

### **Third Party Advisors**

#### **Cedar Capital/Broadmeadow Capital 155 N. Wacker Drive Chicago IL. 60606**

**Cedar Capital/Broadmeadow Capital** uses a diversified strategy designed to achieve long-term growth of principal with a slant toward downside protection. Fulcrum group a subsidiary of RF Lafferty & Co., Inc. exclusively utilizes the Alpha Sector Allocator Premium Global strategy discipline which takes advantage of relative attractiveness of domestic and international equities, fixed income, real estate, gold and governments all through ETF offerings.

#### **Advisors Asset Management, Inc. ("AAM"), 18925 Base Camp Road, Suite 203, Monument, CO80132**

**AAM** offers various strategies from Conservative Taxable, Core Plus Taxable, Credit Opportunities, Mortgage Investment Portfolio, Short Term Tax Exempt, Core Tax Exempt, Peroni Method and High 50 Dividend. Although these strategies are available, clients have exclusively selected the Peroni Method. The Peroni Method generally seeks to provide capital appreciation by investing in a portfolio managed based on the Peroni Method; the proprietary, technically based research strategy of the portfolio manager, Eugene E. Peroni, Jr., utilizing a multi-cap equity strategy, securities may range from value to growth as market conditions

change or are anticipated. Cash levels generally do not exceed 20% of the value of the portfolio under regular market conditions.

**Empirical Asset Management Two Newton Executive Park 2227 Washington St,  
Suite 202 Newton MA 02462**

EAM Asset Allocation portfolios are driven by our Rules Based Investing® philosophy and are designed to meet a broad range of investment objectives and risk tolerances. The series consists of five models, with equity exposure and risk increasing as we move from conservative to more aggressive models. Risk Management delivered through diversification both across and within asset classes, combination of active and passive management, and precision asset allocation through targeted ETF holdings, periodic rebalancing to enhance returns and manage risk and a tax conscious approach utilizing ETF investing and tax-sensitive rebalancing.

**ADP Retirement Plan Investment Management Services**

R.F. Lafferty & Co., Inc. provides investment advisory services to assist plan sponsors, plan administrators and investment committees to meet their ERISA fiduciary responsibilities under ERISA § 3(21).

We share fiduciary responsibility with plan administrators and investment committees as it relates to the assets. As a part of a client's fiduciary team, R.F. Lafferty & Co., Inc. provides the investment expertise to implement the plans investment policies and objectives.

ADP Retirement Plan Services solely determines and utilizes outside sources for Trustee and Custodian services of all plan assets.

ADP Retirement Plan Services acts as the third-party administrator (*record-keeper*) for all plans.

For the purposes of ERISA § 3(21), R.F. Lafferty & Co., Inc. does not exercise any discretionary authority or control respecting management of the plan or disposition of its assets or have any discretionary authority or discretionary responsibility in the administration of the plan. Therefore, we are not a "fiduciary" pursuant to ERISA except to the extent we render "investment advice" to the plan within the meaning of section 3(21) of ERISA and Department of Labor regulations there under.

The participants are responsible for any individual investment selections made under the plan. Under ERISA § 3(21), R.F. Lafferty & Co., Inc. acts as the advisor making investment recommendations, but it is ultimately up to the plan sponsor and plan participants to decide

whether and how to implement these recommendations. Furthermore, under ERISA § 3(21), the participants are responsible for any individual investment selections made under the plan. Under ERISA § 3(21), Mesirow Financial acts as Co-Fiduciary with regard to the plans Investment Policy Statement. Mesirow Financial offers their services as an option to Plan Sponsors who seek to develop an Investment Policy Statement for their retirement plans. Mesirow Financial provides the guidelines for selecting and evaluating investments offered in the plan. Mesirow Financial provides the Investment Policy Statement and provides services regarding investment selection, monitoring, benchmarking, and de-selection.

R.F. Lafferty & Co., Inc. works with Mesirow Financial to establish and manage a process to select, de-select, benchmark and monitor investments offered to plan participants. Together we will regularly evaluate the plan's investment offerings in accordance with the Investment Policy Statement guidelines.

Investment Committee Meetings – R.F. Lafferty & Co., Inc. meets regularly with the Plan Investment Committees to document the performance of the plan's investments and to make any recommendations that may be appropriate for changes. These meetings are documented and become part of the plan's due diligence file.

Participant Communication – R.F. Lafferty & Co., Inc. will provide group meetings (up to quarterly) and individual participant meetings to help participants achieve better financial results. The schedule, timing and number of meetings shall be determined prior to contract acceptance.

**ERISA 3(21)** and **3(38)** fiduciary investment advisory services defined by the Employee Retirement Income Security Act of 1974 (**ERISA**): An **ERISA 3(21)** fiduciary investment advisor serves as an investment fiduciary by making investment recommendations to the plan sponsor.

## 5. FEES AND COMPENSATION

Fees for RFL Advisor Program are computed at an annualized percentage of assets under management on a sliding scale. All fees are negotiable. There are 3 options available.

### SCHEDULE A

#### MANAGED ACCOUNT FEE SCHEDULE

Please select the appropriate option from below:

- **Option 1.** \_\_\_\_\_ **(Please Initial)**

	<b>ASSET FEE</b>	<b>FEE TO</b>
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ASSET TOTAL	(Maximum Allowable)	CLIENT
\$25,000 - \$100,000 *	2.00%	
\$100,001 - \$500,000	1.90%	
\$500,001 - \$1,000,000	1.75%	
\$1,000,001 - \$2,000,000	1.50%	
\$2,000,001 - \$3,000,000	1.25%	
\$3,000,001 - \$5,000,000	1.00%	
\$5,000,001 - \$10,000,000	.75%	
\$10,000,001 and above	Negotiable	

\* Minimum advisory account size is \$25,000.

• **Option 2. \_\_\_\_\_ (Please Initial)**

Note: Minimum rate of \$200/hour to be invoiced quarterly, in arrears, by R. F. Lafferty & Co., Inc.

Hourly Rate: \$ \_\_\_\_\_

• **Option 3. \_\_\_\_\_ (Please Initial)**

Note: All fees to be invoiced in arrears by R. F. Lafferty & co., Inc.

a. Fixed Fee: \$ \_\_\_\_\_

b. Fixed Fee Billing option: \_\_\_\_\_ Quarterly

\_\_\_\_\_ Semi-annually



\_\_\_\_\_ Annually

For RFL Advisor Program the fee will be payable quarterly in advance. The first payment is due and payable upon execution of the Agreement and will be assessed pro-rata in the event the Agreement is executed other than the first day of the new calendar quarter. Subsequent payments are due and will be assessed on the first day of each calendar quarter based on the value of the portfolio as of the last day of the previous calendar quarter.

If a financial plan is requested by the client, the fee may be included under the RFL Advisor Program. In almost all cases the cost is inclusive, and no additional fees required. If the client requests, the IA Rep will quote a fixed fee ranging from \$1,500 to \$25,000, depending upon the nature and complexity of services, the client's financial situation, and the anticipated time to be incurred. The IA Rep may require the full fee to be paid in advance or a retainer fee (e.g., 50%) to be paid in advance with the balance due on delivery of the written plan. The IA Rep may apply financial planning fees to offset first year fees of the RFL Advisor Program, should the client choose to implement the Program.

These fees are for advisory services only and do not include any transaction fees or commissions, which may be charged separately by the broker/dealer's custodial firm. See the section heading Brokerage Practices for more information. Mutual funds are purchased at NAV or no-load, however transaction fees may apply.

Payment of fees may be paid direct by the client, or client may authorize RBC or Pershing as the custodian holding client funds and securities to deduct RFL advisory fees direct from the client account as prepared by RBC or Pershing on behalf of RFL. The custodian will provide periodic account statements to the client. Such statements will reflect all fee withdrawals made on behalf of RFL. It is the client's responsibility to verify the accuracy of the fee calculation.

Fees as published on the fee schedule may be negotiable.

Fees are not collected for services to be performed more than six months in advance.

In addition to fees paid for advisory services with respect to clients' investments in mutual funds, and in accordance with the mutual fund's prospectus, clients pay additional fees on the mutual fund investment because the mutual funds also pay advisory and/or management fees to an investment advisor.

IA Reps of RFL are also Registered Representatives ("RRs") of RFL, a broker/dealer, and as such may receive commission-based compensation for the sale of securities and other investment products. RFL and its IA Reps do not double-dip and will either receive fee-based compensation or commissions on specified assets. Mutual funds recommended under

advisory services will be "no-load" or "load-waived." Client will not pay the advisory fee for mutual funds held in the RFL Advisor Program that were purchased from RFL as a broker/dealer with a front-end sales load until the client has held those shares for at least two years from the date of the initial purchase. In the case where a client invests in a mutual fund, the client may also indirectly pay for the expenses and advisory fees charged by the mutual fund companies in which they invest. Clients are not obligated to purchase investment products recommended, or to purchase through our firm or affiliated firms. RFL's primary business is as a broker/dealer.

For the RFL Advisor Program, services will continue until either party terminates the agreement upon receipt of written notice. If termination occurs prior to the end of a calendar quarter, a pro-rata refund of unearned fees will be made to the client, provided that the minimum annual fee requirement in the amount of \$100.00 has been satisfied. Upon termination of the Agreement, it is solely Client's responsibility to issue instructions regarding disposition of the assets in the account. As of the date of termination, RFL will no longer be the investment advisor of record, and it will be Client's responsibility to monitor the timely disposition of the account and take all future actions regarding the management of the account.

For financial planning, the client may terminate the Agreement at any time and a refund of the unearned fees, if any, will be made based on time and effort expended before termination. The Agreement for financial planning terminates upon delivery of the plan. When the IA Rep, in writing, confirms with client that the financial plan has been completed, no refunds will be made, and payment is due in full.

### **Termination of Advisory Relationship.**

A client agreement may be terminated at any time, by either party, for any reason upon written notice of either party. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement. Clients will receive, where applicable, a prorated refund of any prepaid advisory fees. Additionally, if a client doesn't receive the Brochure Document within 48 hours prior to signing the contract client has (5) business days in which to cancel the contract, without penalty. Any prorated refund will be based upon actual services incurred up to and at the time of termination.

If termination occurs prior to the end of a calendar quarter, a pro-rata refund of unearned fees will be made to the client.

The Advisory Agreement contains a pre-dispute arbitration clause. Client understands that the agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such a waiver would be void under the federal securities laws. Arbitration is final and binding on the parties.

## **General Information about Fees**

### **Fee Calculation**

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Advisers Act).

### **Termination of Advisory Relationship.**

A client agreement may be terminated at any time, by either party, for any reason upon written notice of either party. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement. Clients will receive, where applicable, a prorated refund of any prepaid advisory fees. Any prorated refund will be based upon actual services incurred up to and at the time of termination.

### **Mutual Fund Fees**

All fees paid to RFL for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds 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 the services of RFL. In that case, the client would not receive the services provided by RFL 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. To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by RFL to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### **Trading and other Costs**

All fees paid to RFL for investment advisory services are separate and distinct from transaction fees and/or custodian fees charged by broker dealers associated with the purchase and sale of equity securities and mutual funds. In addition, fees do not include the services of any co-fiduciaries, accountants, brokers or attorneys.

### **Direct Debiting of Client Accounts**

Advisory fees may be directly debited from a client account only if the client provides written authorization permitting RFL's fees to be paid directly from the client's account held by an independent custodian and the custodian agrees to send to the client a statement, at least

quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to RFL.

## **6. PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT**

RFL does not charge Performance-Based Fees. RFL does not engage in Side-By-Side Management.

## **TYPES OF INVESTMENTS**

RFL is disclosing those risks and opportunities for basic types of securities used in the Advisor Program. **Investing in securities involves risk and the potential loss.**

- Stock represents ownership in a company. If the company prospers and grows, the value of the stock should increase. Even if a company is **profitable, the stock** prices are subject to “market risk” which is attributable to investor attitudes. Stock ownership in more established companies is more conservative, while younger companies provide the most risk and reward opportunities.
- Debt Securities (corporate or municipal bonds) are basically promissory notes that pay interest and the return of principal at the end of a specified term. Credit risk is the chance the issuer will fail to pay the interest payments on the security or to pay the principal at maturity. Interest rate risk is that the market value of the bonds will go down when interest rates go up. Prepayment risk is the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off its debt. When this happens, the investor may not be able to reinvest the proceeds in an investment with as high a return or yield.
- Mutual Fund is an investment pool, which may include money market instruments, stocks, bonds, or other investment vehicles. Professional money managers research, select, and monitor the performance of the securities the fund purchases. It is easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds. Even with no-load or load-waived funds, there are mutual fund expenses paid to the fund company. Investors may have to pay taxes on capital gains distribution received by the fund, but not distributed to the investor. Mutual funds redeem shares at net asset value (“NAV”) at the end of the trading day.
- Exchange Traded Fund (“ETF”) holds securities to match the price performance of a certain market index or commodity price. ETFs can track stock indexes and sectors, bonds and precious metals. ETFs are subject to the same market risks as the index or sector they are designed to track. ETFs can be bought and sold throughout the day like stocks. ETFs may be an index fund or a fully transparent actively managed fund.

## **7. TYPES OF CLIENTS**

RFL provides advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

RFL sets the initial minimum account size under the RFL Advisor Program at \$50,000. RFL may waive this minimum in its sole discretion.

## **8. METHODS of ANALYSIS, INVESTMENT STRATEGIES and RISK OF LOSS**

Methods of analysis may include, charting, fundamental, technical, cyclical, or a combination thereof, based on the investment style of the IA Rep. Asset allocation strategies are utilized as well. The IA Rep also evaluates the investments to determine whether they correspond with the client's financial objectives. The IA Rep will design and propose a portfolio to assist the client in achieving his/her financial goals. Some IA Reps may use margin as an investment strategy, whereas other IA Reps may use this strategy based on a client's needs.

By its nature, financial planning looks to the long-term. If a financial plan is provided, the client's short-term cash needs and emergency funds are evaluated first, and then investment and insurance strategies are designed to help the client attain his or her financial goals. Casualty insurance (e.g., homeowner's, auto, liability, etc.) is reviewed only at the client's request, and would be provided by an outside casualty firm.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

As a broker/dealer, RFL may buy and sell a variety of investments including but not limited to: stocks, bonds, variable life, term, health and/or disability insurance, variable annuities, mutual funds, US government securities, CDs, ETFs, options, and limited partnerships. As an RIA, under the RFL Advisor Program the investments may be more limited but can be

adjusted based on client need. All transactions will be monitored and reviewed by supervision and required licensing required FINRA Exam 65 and/or 66.

RFL is disclosing those risks and opportunities for basic types of securities used in the Advisor Program.

Client assets are managed by both outside managers. AAM/Peroni uses a proprietary method of equity selection developed over two generations and is called Peroni Method. Broadmeadow is a global investment risk avoidance management method monitoring relative strength and volatility. The manager will take any client out an asset whereby they assess any potential risk. The discipline controls and ensures the portfolio weighting in any one asset will not exceed 25% other than United States Treasury Bills.

The asset management discipline factors in fundamental as well as technical criteria using tactical asset allocation with an eye toward trend following and monitoring both relative strength and volatility with changes made in keeping with the age, asset base and risk tolerance of for all of our clients.

## **9. DISCIPLINARY INFORMATION**

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. As a SEC-registered firm, we are required to report an event that is over 10 years old. In 1999, NASD (now FINRA, a self-regulatory organization) fined RFL \$5,000 for supervision violations for failure to establish, maintain, and enforce written supervisory procedures relating to trade reporting and anti-competitive practices in regard to such reporting failures. In 2013, The Firms (AML) Policies, Procedures, and internal controls were not reasonably designed to monitor or detect, the cause and the reporting of suspicious transactions, as required by the rule 3011(A) and rule 3310(A). The firm was fined \$50,000.00. In 2013, SEC rule 10B-10, SEC rules 606, 611(A)(B) AND (C) of regulation NMS, FINRA Rule 2010, NASD rule 3010 - RFL. failed to provide written notification disclosing to its customers that the transactions were executed at an average price, or erroneously disclosed that the transactions were executed at a average price. The matter was resolved by an executed (AWC) and fined \$22,000.00. In 2015, RFL executed an AWC for a settlement for a fine (5,000.00) related to trade reporting and compliance engine (Trace). In December 2020, FINRA fined RFL via AWC, \$55,000 for activities that occurred from July 2014 to July 2017 in which the firm failed to maintain order memoranda to accurate reflect whether trades were solicited or unsolicited in violation of Section 17(a) of the Securities Exchange Act of 1934 (Exchange Act), Rule 17a-3 There under and FINRA Rules 4511 and 2010. RFL also failed to establish, maintain, and enforce written supervisory procedures, reasonably designed to achieve compliance with applicable recordkeeping laws, regulations, and rules pertaining to review and retention of order memoranda, in violation of

NASD Rule 3010 (for conduct before December 1,2014), FINRA Rule 3110 (for conduct on or after December 1,2014), and FINRA Rule 2010.

## **10. OTHER FINANCIAL ACTIVITIES and AFFILIATIONS**

RFL's primary business is financial management, of which investment management is a major component. RFL also offers comprehensive financial planning and consulting services. In addition, RFL advisers may be registered representatives of RF Lafferty & Co., Inc. and may be insurance licensed. These advisers may recommend securities and/or insurance products to clients of RFL and may earn reasonable and customary commissions on the sale of such securities and/or insurance products. Comparable insurance products may be available from other sources at a lower price.

IA Reps of RFL are associated with RFL as Registered Representatives. R.F. Lafferty & Co., Inc. is a general securities broker/dealer having membership in the Financial Industry Regulatory Authority. RFL is a diversified financial services company engaged in the design and sale of investment products. We may recommend securities, asset management, or insurance products offered by RFL or its affiliates. If clients purchase these products through us, we will receive the normal commissions or fees associated, but RFL will not "double-dip". Thus, a conflict exists between our interests and those of advisory clients. The client is under no obligation to purchase products recommended, or to purchase products either through us or through RFL.

## **11. CODE of ETHICS, PARTICIPATION or INTEREST in CLIENT TRANSACTIONS and PERSONAL TRADING**

RFL has adopted a Code of Ethics pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended, to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that RFL owes a fiduciary duty to its clients. Accordingly, RFL expects all employees to act with honesty, integrity, and professionalism and to adhere to federal securities laws. All officers, directors, members, and employees of RFL and any other person who provides advice on behalf of RFL and is subject to RFL's control and supervision are required to adhere to the Code of Ethics. RFL's Code of Ethics allows the purchase of IPOs or private placements only with prior permission from RFL's Chief Compliance Officer. Clients may request to receive, at no cost, a copy of RFL's Code of Ethics, which contains its policies on employee trading, gifts, and outside business activities. Gifts of nominal value are acceptable, and all employees must disclose any outside business activities generating revenue, which must be approved by RFL's Chief Compliance Officer.

## **Employee Trading Policy**

From time to time, RFL may recommend to clients that they purchase or sell specific securities or investments in which RFL, or its related personnel have some financial interest. In addition, RFL or individuals associated with RFL may buy, sell, or hold in their personal accounts the same securities that RFL recommends to its clients and in accordance with its internal compliance procedures. Such trades will occur simultaneously with or after trades placed on behalf of clients.

Occasionally, investment objectives of clients are similar to that of RFL's IA Reps, accordingly, this may lead to personal investments made in the same securities that are recommended to clients. However, RFL will always place the interests of clients ahead of

RFL and its employees. RFL's policy is designed to avoid conflicts of interest with our client's, and we will not violate the Advisor's fiduciary responsibilities to our clients.

## **Participation or Interest in Client Transactions**

RFL, as a broker/dealer is engaged in the investment banking business and market making. Advisory and brokerage clients are limited from purchasing the stocks of companies while RFL has current investment banking activity with the company, as these stocks will be placed on the restricted list and no recommendations of these securities may be made. RFL Brokerage Clients may purchase these securities on an unsolicited basis during the investment banking period. If an RFL advisory client wishes to purchase a new issue security, the firm will not take compensation (selling concession) on the transaction. The stocks of these companies may be recommended to advisory and brokerage clients after the investment banking activity has ceased.

## **General securities transactions**

To minimize conflicts of interest, and to maintain the fiduciary responsibility RFL has for its clients established the following policy: An officer, director, or employee of RFL shall not buy or sell securities for a personal portfolio when the decision to purchase is substantially derived, in whole or in part, by reason of employment with RFL, unless the information is also available to the investing public on reasonable inquiry. No person associated with RFL shall prefer his or her own interest to that of any client. Personal trades in securities being purchased or sold for clients may be affected simultaneously with or after trades are affected for clients. RFL



personnel may not anticipate trades to be placed for clients. The client will always receive the best executed price available at the time of trading.

### **Principal Trades**

RFL, as a broker/dealer acts as a market maker. RFL does enter riskless principal trades with brokerage client accounts. RFL does not enter any principal trades with advisory accounts.

### **Agency Cross Transactions**

RFL does not enter any agency cross trades with advisory accounts.

### **Investment Management Services Reviews**

While the underlying securities within Investment Management Services accounts are continuously monitored, these accounts are reviewed no less frequently than annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines, ensuring that the structure of the portfolio is coordinated with these objectives.

## **12. Brokerage Practices**

It is the objective of RFL to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, RFL may often seek to purchase or sell a security in each account. RFL will aggregate orders only when such aggregation is consistent with RFL's duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account.

Each client that participates in an aggregated order will participate based on the average execution price in that security. All transaction costs will be allocated *pro rata* based on each client's participation in the transaction. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated *pro rata* based on the assets of each account.

### **Selection or recommendation of broker/dealers**

Because IA Reps are RRs with RFL, if clients freely choose to implement advice through us, the broker/dealer is RFL. Under FINRA supervision rules, compliance monitoring is more efficient by using RFL but required.

RFL performs "due diligence" on mutual funds, limited partnerships, and insurance products. Only those investments that meet firm requirements will be on RFL's "approved product list" and be offered for sale to clients.

RFL does not have the incentive to select or recommend a broker/dealer based on its interest in receiving client referrals.

Certain clients may direct RFL to use particular brokers for executing transactions in their accounts. To the extent brokerage transactions are placed with particular broker dealers for execution as directed by a client, RFL's ability will achieve best execution available. Clients who direct RFL to use particular broker dealers may pay higher commissions than those that do not. RFL reserves the right to decline acceptance of any client account that directs the use of a broker dealer other than RF Lafferty & Co., Inc., if RFL believes that the broker dealer would adversely affect RFL's fiduciary duty to the client and/or ability to effectively service the client portfolio.

### **Soft Dollar Practices**

RFL does not receive compensation or benefits in the form of "soft dollars" for research, products and/or other services on investment advisory accounts.

## **13. Review of Accounts and Reports**

**RFL Advisor Program:** Each IA Rep is responsible to review accounts under his/her supervision. The review may be done daily but no less than monthly. Changes can occur in the portfolio at any time based on fundamental news regarding the economy, client investments, and/or performance. A more comprehensive account review is done, on a quarterly basis with an eye towards the asset allocation. Based on the IA Rep's philosophy and the client's investment objectives, some portfolios will be more actively traded and other securities will be held for the long term.

In addition, investment returns will be measured against the appropriate benchmarks in each asset class. 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**

Clients will receive statements at least quarterly. Additionally, monthly statements will be generated because of investment activity by the client's separate custodian. Confirmation statements will be issued for all trading activity. Monthly and/or quarterly statements will include portfolio holdings, dates and amounts of transactions, and current and prior statement

values. It is recommended to clients to review the custodian confirms and statements vs. the quarterly reports to insure consistency and accuracy.

### **Financial Planning Reviews**

**Financial plans** are designed by client request. Financial plans do not receive any scheduled review or reports, except as re-engaged by the client. The IA Rep suggests that clients meet with the IA Rep annually for reviews. Financial Planning Services terminate upon the delivery of services. While the advice may include the recommendation for a review or follow-up services, it is the client's obligation to secure additional or follow-up services with the IA Rep at the client's discretion.

These client accounts will be reviewed as contracted for at the inception of the advisory relationship.

Under the RFL Advisor Program, clients will receive a quarterly report, which will include at a minimum commentary, portfolio summary, and portfolio allocation comparison. The report design may include other pages and will be designated by the client at the account set-up. The IA Rep can also prepare post-meeting communications and financial planning documents upon request or at the IA Rep's discretion. It is recommended to clients to review the custodian confirms and statements vs. the quarterly reports to insure consistency and accuracy.

### **Management Reports**

All client accounts are reviewed by the Branch Office Managers of RFL various office locations and is reviewed by compliance staff and principals of the firm.

## **14. CLIENT REFERRALS and OTHER COMPENSATION**

RFL does not directly or indirectly receive or give any economic benefit for providing investment advice or other advisory services to our clients from or to anyone other than our clients.

### **Client Referrals & Other Compensation**

#### **Referral Fees Paid**

RFL does not pay finders (solicitors) fees.

## **Referral Fees Received**

RFL may offer various platforms or investment strategies based on client objectives; Resource II and/or Total Strategy Cedar Capital, Sate Street and other platforms that are sponsored by RBC.

## **Sales Awards**

RFL in its capacity as a broker/dealer may receive incentive awards from mutual fund companies. All allowable compensation is disclosed in the mutual fund prospectus. Commission rates are set by each fund, and clients do not pay up for the additional compensation. RFL may also receive additional compensation on stocks, bonds, partnerships, and insurance, as may be applicable in the normal course of running a securities brokerage business.

Advice offered by IA Reps in their capacity as RRs of RFL or agents of insurance companies, may involve investments in mutual funds, variable insurance, or variable annuities, which pay commissions (including 12(b)-1 fee "trails" or other compensation) from the respective product sponsor. All allowable compensation is disclosed in the prospectus.

## **Referrals & Other Compensation**

Referral Fees Paid

RFL does not pay finders (solicitors) fees.

## **15. CUSTODY**

RFL does not have authority to withdraw funds or to take custody of client funds or securities. RBC as custodian maintains client funds and securities and is responsible for calculating and deducting advisory fees on behalf of RFL.

## **16. INVESTMENT DISCRETION**

RFL may requests that it be provided with written discretionary authority to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing. When authorized by the client, RFL generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be

bought and sold. RFL's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between RFL and the client. RFL without discretion cannot perform automatic rebalancing, without prior consent to each and every transaction.

## **17. VOTING CLIENT SECURITIES**

RFL does not vote proxies on behalf of its clients. Therefore, although RFL may provide investment advisory services relative to client investment assets, RFL's 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 proceeding or other type events pertaining to the client's investment assets. RFL and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. The client may contact RFL for additional information as relates to the proxy voting.

## **18. FINANCIAL INFORMATION**

### **Prepayments**

RFL does not require or solicit prepayments of more than \$500 in fees per client, six months or more in advance.

### **Financial Condition**

An investment advisor must provide financial information if a threshold of fee prepayments is met; there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the past ten years.

### **Bankruptcy**

RFL has not ever been subject to a bankruptcy.

## **19. REQUIREMENTS FOR STATE ADVISORS**

RFL advisers must pass and maintain the appropriate licensing requirement and registration. To be an RIA you must have a FINRA Exam Series 63 & 65 and/or Series 66 or a professional designation that allows you to conduct RIA business. Licensed insurance agents will only offer services to clients residing in states in which the agent is registered.

## **Disclosures**

Some RFL advisers may have disclosure information. The adviser will provide a Supplemental Disclosure to all potential clients. In addition, the Supplemental Disclosure will be provided upon request.

There are no disclosures of material facts related to arbitration or disciplinary actions involving the management person.

There are no material relationships maintained by the advisory business or management persons with the issuer of securities.

### **EDUCATION AND BUSINESS STANDARDS**

Persons associated with RFL who provide investment advice to clients are required to have a requisite licensing and qualifications, including several years of investment experience or general business experience. Each IAR must also be registered in each State in which they provide advisory services.

### **Officers of RIA BIOGRAPHICAL INFORMATION**

#### **Management and Supervision**

#### **Education and Business Background**

Name: **Robert Hackel CCO Investment Adviser**  
Ownership: N/A  
Year of Birth: 1972  
Education: Pace University, NY, BA, Finance, 1994  
Background: R.F. Lafferty & Co., Inc., NY, NY, Chief Operating Officer/Chief Compliance Officer RIA, 12/1996 - Present

No reported disclosures

Name: **Henry Hackel CEO Broker Dealer/President Of RIA**  
Ownership: 75% or more  
Year of Birth: 1943  
Education: City College of New York, NY, BBA 1965  
Brooklyn Law School, NY, JD 1968  
Background: R.F. Lafferty & Co., Inc., NY, NY, President/Chief Compliance Officer BD, 1968-present  
Pro-Ex LLC, NY, NY, President, 9/2000 – 01/2008

Harbor Capital Management, Stanford, CT, General Partner, 10/1991 –9/05

No reportable disclosures

