

# Black Diamond Financial, LLC

ADV Part 2A, Appendix 1  
Program Brochure  
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**This Program 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](http://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**

The material changes in this Wrap Program Brochure from the last annual updating amendment of Black Diamond Financial, LLC on 02/28/2023 are described below. This list summarizes changes to policies, practices or conflicts of interests concerning this Wrap Fee Program Brochure only.

- Black Diamond Financial, LLC has updated its primary business address. (cover page)

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## **Item 4 Services, Fees and Compensation**

Black Diamond Financial, LLC (the “Registrant”) is a Limited Liability Company formed in March 2021. The Registrant became registered as an investment adviser 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.

The Registrant offers investment advisory services that differ from those described in this Brochure, which are outlined in their Form ADV Part 2A. The Form ADV Part 2A also describes other information about the Registrant that is necessary to have an understanding of its business and is relevant to a client’s relationship with the Registrant. Clients seeking services as part of the Program (defined below) must read the Form ADV Part 2A in conjunction with this brochure.

### **A. BLACK DIAMOND INVESTMENT PROGRAM**

The Registrant typically provides investment advisory services on a wrap fee basis through its wrap fee program (the “Program”). Under the Program, the Registrant offers investment advisory services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment advisory fees.

Under the Program, the Registrant has the written authority to determine which securities and the amounts of such securities that are to be bought or sold on behalf of a client’s account and to engage or terminate independent managers. Any limitations on this discretionary authority will be included in the written agreement between each client and the Registrant. Clients may request amendments to these limitations, in writing, at any time.

The client shall have reasonable access to one of the Registrant’s investment professionals to discuss their account.

Because transaction fees and commissions are paid by the Registrant to the account custodian, the Registrant has an economic incentive to minimize the number of trades which generate these fees in the client’s account to maximize its own compensation, which presents a conflict of interest.

**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.

Participation in a wrap program may cost the client more or less than purchasing these services separately. When managing a client’s account on a wrap fee basis, the Registrant

receives the balance of the Program fee after all other costs incorporated into the wrap fee have been deducted.

The benefits under a wrap fee program depend, in part, upon the size of the account, the costs associated with managing the account, and the frequency or type of securities transactions executed in the account. For example, a wrap fee program may not be suitable for all accounts, including but not limited to accounts holding primarily, and for a substantial period of time, cash or cash equivalent investments, fixed income securities or no transaction fee (“NTF”) mutual funds, or any other type of security that can be traded without commissions or other transaction fees.

In order to evaluate whether a wrap fee arrangement is appropriate for you, you should compare the agreed-upon Wrap Program Fee and other costs associated with participating in our Wrap Fee Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and execution costs, and custodial services comparable to those provided under the Program.

The Registrant’s annual fee for clients participating in the Program is based upon a percentage of the market value placed under Registrant’s management 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

Advisory fees are negotiable and the Registrant may determine to waive or reduce its fee for any reason, including but not limited to anticipated future earnings capacity, the amount of assets to be managed by Registrant or anticipated future assets to be managed by Registrant, related accounts, and account composition.

Registrant’s investment advisory fee is prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. Unless otherwise agreed to, Registrant charges its fee on cash and cash equivalents. Fees are prorated for accounts opened during the quarter. Clients authorize the Registrant to directly debit its advisory fee.

Charles Schwab & Co., Inc. (“Schwab”), serves as the custodian for Program accounts. The Registrant pays Schwab transaction costs for each executed trade in wrap fee accounts. As a result we have a financial incentive to limit orders for wrap fee accounts because trades increase our transaction costs. Thus, an incentive exists to trade less frequently in a wrap fee program.

## **Item 5            Account Requirements and Types of Clients**

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

## Item 6 Portfolio Manager Selection and Evaluation

- A. Under the Program, the Registrant will provide the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Therefore, conflicts of interest present in other wrap-fee programs that make both affiliated and unaffiliated portfolio managers available do not exist in this Program.
- B. The Registrant acts as the portfolio manager for the Program. The amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what Registrant would receive if the client paid separately for investment advice, brokerage and other services.

**Conflict of Interest.** When managing a client's account on a wrap fee basis, we receive as compensation for our investment advisory services the balance of the total Program fee you pay after custodial, trading and other management costs, including execution and transaction fees, have been deducted. Accordingly, a conflict of interest exists because we have a financial incentive to maximize our compensation by seeking to reduce or minimize the total costs incurred in your account(s) subject to a wrap fee.

Schwab and other custodians have eliminated transaction fees for online trades of U.S. equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](http://schwab.com/aspricingguide).

- C. As discussed in greater detail in its Form ADV Part 2A, the Registrant also provides certain clients investment advisory services on a non-wrap fee basis as well as other consulting services.

### IMPORTANT DISCLOSURES

**Limitations of 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*.

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

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

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

The Registrant uses the same methods of security analysis, investment strategies and these strategies present the same risk of loss that are described in its Form ADV Part 2A. Those descriptions are incorporated herein by reference.

Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment.

### **Voting Client Securities**

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. 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.

### **Transaction Based Pricing**

The Registrant does not charge clients higher advisory fees based on their trading activity. Clients should be aware that the Registrant has an incentive to limit trading in a client's account(s) because Registrant is charged for executed trades.

## **Item 7            Client Information Provided to Portfolio Managers**

The Registrant shall be the Program's portfolio manager. Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on Registrant's authority.

## **Item 8            Client Contact with Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **Item 9            Additional Information**

- A. The Registrant has not been the subject of any disciplinary actions.

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

**Registered Representatives of a Broker Dealer.** 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 Osaic Holdings, Inc. . Osaic Holdings, Inc. 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 Osaic Holdings, Inc.

Securities America Financial Corporation (SAFC) Holding Company	100% owned by Osaic Holdings, Inc.
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 Osaic Holdings, Inc.
Ladenburg Thalmann & Co., Inc. (LTCO) Broker/Dealer	100% owned by Osaic Holdings, Inc.
Triad Advisors, LLC	100% owned by Osaic Holdings, Inc.

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

The Registrant also has related persons who are under common control of Osaic Holdings, Inc.. The following chart details the related persons, which are wholly owned subsidiaries of Osaic, Inc. which is a wholly owned subsidiary of Osaic Holdings, Inc..

Osaic, Inc. Holding Company	100% owned by Osaic Holdings, Inc.
Osaic Wealth, Inc. Registered Investment Advisor, Broker/Dealer	100% owned by Osaic, Inc.
Financial Service Corporation (FS Corp) Holding Company	100% owned by Osaic, Inc.
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 Osaic, Inc.
Woodbury Financial Services, Inc (WFS). Registered Investment Advisor, Broker/Dealer	100% owned by Osaic, Inc.
Vision2020 Wealth Management Corp. Registered Investment Advisor	100% owned by Osaic, Inc.
Infinex Financial Holdings, Inc. (IFHI) Holding Company	100% owned by Osaic Holdings, Inc.
Infinex Investments, Inc. Registered Investment Advisor, Broker/Dealer	100% owned by IFHI
American Portfolios Holdings, Inc. (APHI) Holding Company	100% owned by Osaic Holdings, Inc.
American Portfolios Advisory, Inc. Registered Investment Advisor	100% owned by APHI
American Portfolios Financial Services, Inc. Broker/Dealer	100% owned by APHI

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.

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

The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of the 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.

The Registrant also maintains and enforces policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

Neither the Registrant nor any related person of the Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of the Registrant has a material financial interest.

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 Registrant and/or representatives of Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents 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 Registrant's clients) and other potentially abusive practices.

Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Registrant's "Access Persons". Registrant's securities transaction policy requires that Access Person of Registrant must provide the Chief Compliance Officer or a designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or a designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Registrant selects.

The Registrant and/or representatives of 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 Registrant and/or representatives of Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest.

### **Review of Accounts**

For those clients to whom Registrant provides ongoing investment advisory services, account reviews are conducted on a periodic basis by Registrant's representatives. All investment advisory clients are advised that it remains their responsibility to advise Registrant of any changes in their investment objectives or financial situation. All clients are encouraged to review financial planning issues, investment objectives and account performance with Registrant on an annual basis either in person or by phone.

Registrant may conduct account reviews upon the occurrence of a triggering event, such as a change in client investment objectives or financial situation, market corrections and client request.

Clients are provided, at least monthly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer or custodian for their account. Registrant may also provide a quarterly written periodic report summarizing account activity and performance.

#### **Client Referrals and Other Compensation**

Clients and prospective clients should review Item 12 of Registrant's Form ADV Part 2A for information about the economic benefits that it receives.

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

#### **Financial Information**

Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.

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.

Registrant has not been the subject of a bankruptcy petition.

### **Item 10 Requirements for State-Registered Advisers**

- A. Jaime Desmond and Philip Blancato are the Registrant's Members. Jaime Desmond is Registrant's Chief Compliance Officer. For more information about the above individuals, please see the Part 2B of the Registrant's Brochure below.
- B. The Registrant is not engaged in any other business than as set forth in this brochure.
- C. Neither the Registrant, nor its representatives, accepts performance-based fees.
- D. Neither the Registrant, nor its representatives, has been the subject of any disciplinary actions.
- E. Neither the Registrant, nor its representatives, has any relationship or arrangement with any issuer of securities.

**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.**