



## Part 2A - Brochure

Private Advisor Group, LLC  
SEC File Number 801-72060

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This brochure provides information about the qualifications and business practices of Private Advisor Group, LLC. If you have any questions about the contents of this brochure, please contact us at (973) 538-7010 or [Patrick.sullivan@PrivateAdvisorGroup.com](mailto:Patrick.sullivan@PrivateAdvisorGroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Private Advisor Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

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**Item 2 Material Changes**

This Part 2A Brochure contains no material changes from Private Advisor Group, LLC's disclosure statement that was filed on February 27, 2014.

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**Item 4 Advisory Business**

A. The Registrant is a limited liability company formed on September 2, 2010 in the State of New Jersey. The Registrant became registered as an investment adviser firm in January 2011. The Registrant is principally owned by Patrick J. Sullivan and John Hyland, who are the Registrant's Managing Members.

B. **ADVISORY SERVICES OFFERED:**

As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, retirement plan consulting insurance consulting and, to the extent specifically requested by a client, financial planning and related consulting services.

The Registrant works to provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment advisor representative will discuss with each client their particular investment objectives and risk tolerances. The Registrant allocates each client's investment assets consistent with their designated investment objectives and risk tolerances. Clients may, at any time, impose restrictions, in writing, on the Registrant's services. Each client is advised that it remains his responsibility to promptly notify the Registrant if there is ever any change in his financial situation or investment objectives for the purpose of reviewing and revising Registrant's previous recommendations and services. The Registrant and its representatives will maintain channels of communication with clients in order to be available to discuss client's investments, investment objectives and risk tolerances,

The Registrant participates in advisory programs as portfolio manager, advisor, co-advisor or solicitor depending on the program and depending on the needs or direction of its clients. Clients should discuss with their advisor what roles are appropriate, and what programs are appropriate for their investment objectives and risk tolerances.

The Registrant also may select other investment advisors for its clients, in particular by advising clients regarding Independent Managers or Third Party Asset Management Programs ("TAMPs") or by referral arrangements.

To the extent the Registrant utilizes an Independent Manager or a Third Party Money Manager, the Registrant shall provide the Independent Manager or Third Party Money Manager with each client's particular investment objective and risk tolerance. Any changes in the client's financial situation or investment objectives

reported by the client to the Registrant shall be communicated to the Independent Manager or Third Party Money Manager within a reasonable period of time.

**INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap fee basis. 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).

1. **Non-Wrap Fee Basis**

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a fee basis. The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management to be charged quarterly in advance, and Registrant's representatives may at their discretion negotiate a fee with a maximum of 2.55% which may follow the example below:

Market Value of Portfolio	Annual Fee %
\$0 - \$500,000	2.55%
\$500,001 - \$1,000,000	2.4%
\$1,000,001 - \$5,000,000	2.25%
More than \$5,000,000	Negotiable

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. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

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## 2. Wrap Fee Advisory Programs

The Registrant participates in advisory programs that provide investment management services on a wrap fee basis. In these advisory programs, the Registrant is able to offer participants discretionary investment management services, for a single specified annual program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual advisory fee ranges from negotiable to 3.00%, based upon various objective and subjective factors including, but not limited to, the amount of the assets placed under the Registrant's direct management, the amount of the assets placed under the Registrant's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client, for which the Registrant provides review/monitoring services, but does not have trading authority), the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (See also Fee Differential discussion below.)

The terms and conditions for client participation in the advisory programs are set forth in Registrant's advisory agreements and account paperwork for the advisory programs. All prospective advisory program participants should read both the Registrant's Part 2A Brochure, and any documentation from the advisory programs, and ask any corresponding questions that they may have, prior to participation in the advisory programs.

As part of the advisory programs, a registered broker-dealer that is a member of FINRA and SIPC will maintain custody of clients' assets and effect trades for their accounts. LPL Financial will be the primary broker-dealer, but other broker-dealers may include:

1. Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC,
2. TD Ameritrade.

The final decision to custody assets with a broker-dealer such as Schwab is made by the Registrant's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. The Registrant is independently owned and operated and not affiliated with LPL Financial, Schwab, TD Ameritrade, or any broker-dealer.

Participation in the advisory programs may cost more or less than purchasing such services separately. Advisory program fees may be higher or lower than those charged by other sponsors of comparable wrap fee advisory programs.

## 3. Financial Planning and Consulting Services

To the extent requested by a client, the Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$350 to \$12,000 on a fixed fee basis, and from \$150 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's representatives in their individual capacities registered representatives of LPL Financial and as licensed insurance agents. (See disclosure at Item 10 C.1 and Item 10 C.2). 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 the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## 4. Third Party Asset Management Programs ("TAMPS")

The Registrant may recommend or select other investment advisors for its clients generally through Third Party Asset Management Programs ("TAMPS"). LPL makes available advisory services and programs of third party investment advisors. Through these TAMPS, the Registrant's representatives provide ongoing investment advice to clients

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that is tailored to the individual needs of the client. As part of these TAMP services, the representative typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and risk tolerance and assists the client in opening an account with the TAMP. In addition, depending on the type of program, the representative may assist the client to select a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the third party investment advisor (and not Registrant's representative) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The Brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. In particular, the Registrant currently offers advisory services through TAMPs sponsored by, among others: Brinker Capital, BTS Asset Management, Curian Capital, Flexible Plan, Geneva Investment Management, Genworth Financial Wealth Management ("GFWM"), Hanlon Investment Management, Independent Portfolio Consultants, Nationwide, The Principal Group, SEI Investments Management, Symmetry Partners LLC and Touchstone Retirement Group. Clients should refer to the Brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services available under the program.

**5. Referral Services for Investment Advisors**

The Registrant and its representatives may act as referral agents or solicitors on behalf of third party investment advisors pursuant to a referral or solicitor agreement. In such case, LPL Financial provides services to the third party investment advisor related to the referred client. The Registrant's representative provides the referred client a disclosure statement regarding the role of the Registrant and its representative as a referral agent or solicitor, but the representative does not enter into an agreement with the client to provide ongoing investment advice. Instead, the client engages the third party investment advisor for advisory services. Please see Item 14 below for more information about these referral services and the related compensation.

**6. Retirement Plan Consulting Services**

The Registrant's representatives may assist clients that are trustees or other fiduciaries to retirement plans ("Plans") by providing fee-based consulting and/or advisory services. Representatives perform one or more of the following services, as selected by the client in the client agreement:

- Assistance in the preparation or review of an investment policy statement ("IPS") for the Plan based upon consultation with client to ascertain Plan's investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.
- Ongoing monitoring of investment manager(s) or investments in relation to the criteria specified in the Plan's IPS or other written guidelines provided by the client to representative.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Training for the members of the Plan Committee with regard to their service on the Committee, including education and consulting with respect to fiduciary responsibilities.
- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, representatives may provide participants with information about the Plan, which may include information on the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.

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- Assistance with investment education seminars and meetings for Plan participants. Such meetings may be on a group or individual basis, and may include information about the investment options under the Plan (e.g., investment objectives, risk/return characteristics, and historical performance), investment concepts (e.g., diversification, asset classes, and risk and return), and how to determine investment time horizons and assess risk tolerance. Such meetings do not include specific investment advice about investment options under the Plan as being appropriate for a particular participant.
- Assistance at client's direction in making changes to investment options under the Plan.
- As part of the ongoing investment recommendation service set out above, assistance in identifying investment options in connection with the "broad range" requirement of Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA").
- As part of the ongoing investment recommendation service set out above, assistance in identifying an investment fund product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.
- Assistance with the preparation, distribution and evaluation of Request for Proposals, finalist interviews, and conversion support in connection with vendor analysis and service provider support.
- Preparation of comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions) to data from the Plan's prior years and/or a benchmark group of similar plans.
- Assistance in identifying the fees and other costs borne by the Plan for, as specified by client, investment management, recordkeeping, participant education, participant communication and/or other services provided with respect to the Plan.

If the Plan makes available publicly traded employer stock ("company stock") as an investment option under the Plan, representatives do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition,

if participants in the Plan may invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, representatives do not provide any individualized advice or recommendations to the participants regarding these decisions. Furthermore, representatives do not provide individualized investment advice to Plan participants regarding their Plan assets.

If a client elects to engage the Registrant and its representatives to perform ongoing investment monitoring and ongoing investment recommendation services in the client agreement, such services will constitute "investment advice" under Section 3(21)(A)(ii) of ERISA. Therefore, Registrant and its representatives will be deemed a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent Registrant and its representatives are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not "investment advice" under ERISA and therefore, Registrant and its representatives will not be a "fiduciary" under ERISA with respect to those other services.

#### 7. Education Seminars

The Registrant through its representatives offers educational seminars and workshops relevant to investing and may charge attendees a fee for admission or seminar materials. No client is required to attend such seminars or workshops or pay any fee in connection thereto.

#### 8. Newsletter and Periodicals

The Registrant through its representatives may publish or circulate newsletters or periodicals relevant to investing and may charge a subscription fee. No client is required to subscribe to any newsletters or periodicals or pay any subscription fee.

#### 9. Miscellaneous

- a. Non-Investment Consulting/Implementation Services. If requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc.

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The Registrant does not serve as an accountant and no portion of the Registrant's services should be construed as same. Certain of Registrant's representatives are accountants, in their individual capacities, separate and apart from the Registrant, and any services or advice rendered in that capacity is not provided by or through the Registrant.

The Registrant does not serve as an attorney and no portion of the Registrant's services should be construed as same. Certain of Registrant's representatives are attorneys, in their individual capacities, separate and apart from the Registrant, and any services or advice rendered in that capacity is not provided by or through the Registrant.

The Registrant does not sell insurance and no portion of the Registrant's services should be construed as same. Certain of Registrant's representatives are licensed to sell insurance, in their individual capacities, separate and apart from the Registrant, and any such sale of insurance in that capacity is not provided by or through the Registrant.

To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate registered/licensed capacities as discussed below. 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 the Registrant.

**Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

- b. **Inverse/Enhanced Market Strategies**  
The Registrant may utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.
- c. **Fee Differentials**  
As indicated above, the Registrant prices its services based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.
- d. **Advisory Program Cost Differentials**  
The Registrant participates in several advisory programs which charge varying levels of program fees. When a client invests through an advisory program, an investment advisory fee is deducted from the assets placed in that advisory program. The advisory program retains a portion of the program fee, and a portion of the program fee is paid to the Registrant and its representative. The varying levels of program fees may provide an incentive or disincentive for the Registrant and its representatives to participate in or to recommend a particular advisory program. The recommendation by a representative that a client select a particular advisory program may present a **conflict of interest**, as the representative's compensation may provide an incentive to recommend a particular advisory program. All clients and prospective clients should be aware of these factors in selecting an advisory program and in negotiating an investment advisory fee.

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- e. **Calculations of Advisory Fees Includes Cash Assets:**  
The Registrant calculates advisory fees on all assets placed under its management, including cash held in advisory accounts. Clients may consent to asset allocations that include certain amounts being held as cash for short or long-term reasons, or may direct that assets be held in cash based on personal risk tolerance or market conditions. The Registrant will calculate advisory fees based on total assets in advisory accounts, and all clients and prospective clients should be guided accordingly.
- f. **Non-Discretionary Service Limitations**  
Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.
- g. **Trade Error Policy**  
Registrant reimburses accounts for losses resulting from the Registrant's trade errors, but does not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.
- h. **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 his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/ revising Registrant's previous recommendations and/or services.
- i. **Disclosure Statement**  
A copy of the Registrant's written disclosure statement as set forth in its Part 2A Brochure shall be provided to each client prior to, or contemporaneously with,
- the execution of the Investment Advisory Agreement or Financial Planning and Consulting Agreement.
- C. **Advisory Services for Clients' Individual Needs**  
The Registrant works to 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 objectives and risk tolerance. The Registrant shall allocate each client's investment assets consistent with their designated investment objectives and risk tolerance. At any time, clients may impose restrictions, in writing, on the Registrant's services.
- D. **Management of Wrap and Non-Wrap Accounts**  
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). **Please note:** 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. Inasmuch as the execution costs for transactions effected in the client account will be paid by the Registrant, a potential conflict of interest arises in that the Registrant may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what the Registrant would receive if the client paid separately for investment advice, brokerage and other services.
- E. **Assets Under Management**  
As of December 31, 2014, the Registrant had \$5,845,546,239 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap fee basis.

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## F. Non-Wrap Fee Basis

If a client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a fee basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management to be charged quarterly in advance, and Registrant's representatives may at their discretion negotiate a fee with a maximum of 2.55% which may follow the example below:

Market Value of Portfolio	Annual Fee %
\$0 - \$500,000	2.55%
\$500,001 - \$1,000,000	2.4%
\$1,000,001 - \$5,000,000	2.25%
More than \$5,000,000	Negotiable

## G. Wrap Program Fees

If a client determines to engage the Registrant to provide investment management services on a wrap fee basis in accordance with the Registrant's Program, 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, and investment management fees. The current annual Program fee ranges from negotiable to 3.00%, based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under the Registrant's direct management, the amount of the assets placed under the Registrant's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client, for which the Registrant provides review/monitoring services, but does not have trading authority), the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (See also Fee Differential discussion above)

## H. Financial Planning and Consulting Service Fees

To the extent requested by a client, the Registrant agree to provide financial planning or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range

from \$350 to \$12,000 on a fixed fee basis, and from \$150 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

## I. Third Party Asset Management Programs

For TAMPs, clients pay an advisory fee as set out in the client agreement with the TAMP sponsor. The fee is typically negotiated among the TAMP sponsor, the representative and the client. The TAMP sponsor may establish a fee schedule or set a minimum or maximum fee. The TAMP fee schedule will be set out in the Disclosure Brochure provided by the TAMP sponsor. The advisory fee typically is based on the value of assets under management as valued by the custodian of the assets for the account and will vary by program. The advisory fee typically will be deducted from the account by the custodian and paid quarterly in arrears or in advance. The advisory fee is often paid to the TAMP sponsor, who in turn pays a portion to the Registrant. The Registrant shares between 90% and 100% of the portion of the fee with the representative based on the agreement between the Registrant and the representative. A TAMP account may be terminated by a party pursuant to the terms outlined in the TAMP client agreement. The TAMP client agreement will explain how clients can obtain a refund of any pre-paid fee if the agreement is terminated before the end of a billing period.

There are other fees and charges imposed by third parties that may apply to investments in TAMP accounts. Some of these fees and charges are described below. The client may be charged commissions, markups, markdowns, or transaction charges by the broker-dealer who executes transactions in the TAMP account. There may be custodial related fees imposed by the custodian of assets for the program account. These additional fees and charges will be set out in the TAMP Brochure and the agreements executed by the client at the time the account is opened.

If assets are invested in mutual funds, ETFs or other pooled funds, there are two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay the TAMP advisory fee with respect to those assets. The mutual funds and ETFs available in the programs often may be purchased directly. Therefore, clients could avoid the second layer of fees by not using the advisory services of the TAMP and representative and by making their own decisions regarding the investment. A mutual fund in a TAMP program account may pay an asset based sales charge or service fee (e.g., 12b-1 fee) to the broker-dealer on the account. The Registrant and its representatives are not paid these fees for TAMP program accounts.

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If client transfers into a TAMP account a previously purchased mutual fund, and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, client will be charged a redemption fee. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting).

If client holds a variable annuity that is managed as part of a TAMP account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If client holds a UIT in a program account, UIT sponsors charge creation and development fees or similar fees. Further information regarding fees assessed by a mutual fund, variable annuity or UIT is available in the appropriate prospectus, which clients may request from representative.

If the TAMP program is a wrap fee program, clients should understand that the wrap fee may cost the client more than purchasing the program services separately, for example, paying fees for the advisory services of the TAMP and representative, plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:

- type and size of the account
- types of securities in the account
- historical and or expected size or number of trades for the account, and
- number and range of supplementary advisory and client-related services provided to the client.

The investment products and services available to be purchased in TAMP program accounts can be purchased by clients outside of a TAMP program account, through the Registrant or through broker-dealers or other investment firms not affiliated the Registrant or the TAMP.

#### F. Retirement Plan Consulting Fees

Retirement Plan Consulting Fees may be based on a percentage of the assets held in the Plan (up to 1.00% annually), on an hourly basis (up to \$400 per hour), or on a flat rate basis, as negotiated

between the Plan and the representative. Fees will be payable to Registrant in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among the client, the registrant, and representative. If asset based fees are negotiated, payment generally will be based on the value of the Plan assets as of the close of business on the last business day of the period as valued by the custodian of the assets. However, if the fee is paid by the Plan or the client through a third party service provider, such fee will be calculated as determined by the provider. If the fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement.

Clients incur fees and charges imposed by third parties other than the Registrant and its representatives in connection. These third party fees can include fund or annuity subaccount management fees, 12b-1 fees and administrative servicing fees, plan recordkeeping and other service provider fees. Further information regarding charges and fees assessed by a fund or annuity are available in the appropriate prospectus.

If a client engages the Registrant to provide ongoing investment recommendations to the Plan regarding the investment options (e.g., mutual funds, collective investment funds) to be made available to Plan participants, clients should understand that there generally will be two layers of fees with respect to such assets.

The Plan will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client also will pay the Registrant a fee for the investment recommendation services. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of the Registrant and by making their own decisions regarding the investment.

If a Plan makes available a variable annuity as an investment option, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If a Plan makes available a pooled guaranteed investment contract (GIC) fund, there are investment management and administrative fees associated with the pooled GIC fund. As part of its services, the Registrant and its representatives may recommend a mutual fund that pays asset based sales charges or service fees (e.g., 12b-1 fees) to the Registrant's representatives as registered representatives of a broker-dealer to the Plan. The receipt of 12b-1 fees presents a conflict of interest because it gives Registrant and its representatives an incentive to recommend mutual funds based on the compensation received rather than on a

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client's needs. Registrant addresses this conflict by using 12b-1 fees paid by product sponsors to Registrant and its representatives as registered representatives of a broker-dealer to the Plan to offset advisory fees.

Clients should understand that the fee that a client negotiates with a representative may be higher than the fees charged by other investment advisors or consultants for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The representative is responsible for determining the fee to charge each client based on factors such as total amount of assets involved in the relationship, the complexity of the services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the consulting and/or advisory services to be provided when negotiating the fee with representative.

Clients pay the fee by check made payable to Registrant. In the alternative, clients also may instruct a Plan's service provider or custodian to calculate and debit the fee from the Plan's account at the custodian and pay such fee to Registrant.

- G. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Investment Advisory 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. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- H. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that LPL Financial ("serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as LPL Financial charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Clients who engage the Registrant on a non-wrap basis will incur, in addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- I. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. However, Registrant, in its sole discretion, may reduce its annual minimum fee and/or 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, related accounts, account composition, negotiations with client, etc.).

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 refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- J. Commission Transactions
- In the event that the client desires, the client can engage certain of the Registrant's representatives, in their individual capacities as registered representatives of LPL Financial, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through LPL Financial, LPL Financial will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL Financial shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by LPL Financial may be higher or lower than those charged by other broker-dealers. In addition, LPL Financial, as well as Registrant's representatives, 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 that a client purchase a commission product from LPL Financial presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment 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 LPL Financial. **The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

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2. Please Note:  
Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
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 (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). 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, trusts, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services.

**Item 8 Method of Analysis, Investment Strategies and Risk of Loss**

- A. The Registrant may utilize the following methods of security analysis:
  - Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - 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)
- Trading (securities sold within thirty (30) days)

**Please Note:** 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).

- B. The Registrant's methods of analysis and investment strategies do 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, Short Term Purchases, and Trading - 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. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared

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to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets primarily among various individual equity and fixed income securities, mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary and non-discretionary basis in accordance with the client's designated investment objectives and risk tolerances.

As disclosed above, the Registrant may utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts. (See Item 4.B)

**Item 9 Disciplinary Information**

The Registrant does not have any reportable disciplinary information.

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

- A. Patrick Sullivan, John Hyland and certain of Registrant's representatives are also registered representatives of LPL Financial, an SEC registered and FINRA member broker-dealer.
- B. Neither the Registrant, nor its management persons, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Registrants Representatives other Financial Industry Activities and Affiliations
1. Registered Representatives of LPL Financial. Patrick J. Sullivan, John Hyland and certain of Registrant's representatives, are registered representatives of LPL Financial, an SEC Registered and FINRA member broker-dealer. Clients may choose to engage Registrant's representatives in their individual capacities as registered representatives of LPL Financial, to implement investment recommendations on a commission basis.
  2. Licensed Insurance Agents. Patrick J. Sullivan, John Hyland and certain of Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to purchase insurance products on a commission basis. Conflict of Interest: The recommendation by Registrant's representatives that a client purchase a securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment 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 investment products recommended by Registrant through other, non-affiliated broker dealers or insurance agents. The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
  3. Licensed Attorneys. Certain of Registrant's representatives are licensed attorneys and may, in their individual capacity, provide limited legal services to Registrant's clients. To the extent that a client specifically requests legal or estate planning services, the Registrant may recommend the services of an attorney, including certain of Registrant's representatives in their individual capacities as licensed attorneys. Any such legal services shall be rendered independent of the Registrant pursuant to a separate agreement between the client and the attorney. The Registrant shall not receive any of the fees charged by the attorney, referral or otherwise. The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
  4. Employees or Affiliates of Banks. Certain of Registrant's representatives are employees or

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affiliates of banks, and may recommend the use or purchase of certain bank products or services. Conflict of Interest: The recommendation by these representatives that a client use or purchase of certain bank products or services presents a conflict of interest, as a bank employee may have an incentive based on his employment to recommend the use or purchase of certain bank products or services rather than on a particular client's need. No client is under any obligation to use or purchase of any bank products or services. Clients are reminded that they may patronize any bank and are not required to use or purchase any banking products or services recommended by the representative. In addition, a representative's employment by a bank does not mean that investments made through him are deposits with the bank, or obligations of the bank or are guaranteed by the bank or any governmental agency. Investments are subject to investment risks, including possible loss of the principal amount invested. The Registrant's Chief Compliance Officer, Patrick J. Sullivan remains available to address any questions that a client or prospective client may have regarding the above conflict.

5. Other Investment Advisor Firm.

Certain of Registrant's representatives also serve as investment advisor representatives of other registered investment advisors. These representatives may refer certain clients to those other investment advisors for advisory services. The recommendation by these representatives that a client engage the investment advisory services of another investment advisor presents a conflict of interest, as these representatives may receive a direct economic benefit from any such referral. No client is under any obligation to engage the services of another investment advisor. The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

6. Real Estate broker or dealer.

Certain of Registrant's representatives also serve as real estate brokers or dealers or as owners or investors in real estate investments. These representatives may recommend the purchase, sale, rental of or investment in real estate. Such advice presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend real estate based on commissions to be received, rather than on a particular client's need. In addition, holding an ownership interest in real estate investment being offered to a client also presents a conflict of interest. No client is under any obligation to purchase or rent any real estate from or invest

in real estate with these representatives. Clients are reminded that they may purchase or rent any real estate recommended by these representatives through other, real estate agents, and that they may invest in other real estate ventures. The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

7. Accountants and Certified Public Accountants.

Certain of Registrant's representatives are accountants and Certified Public Accountants. To the extent that these representatives provide accounting services, which may include tax advice, to any clients, including clients of the Registrant, all such services shall be performed by those representatives, in their individual professional capacities, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by the representative, referral or otherwise. It is expected that these representatives, solely incidental to their practices as an accountants, may recommend the Registrant's services to certain of their clients. No client of Registrant is under any obligation to use the accounting services of these representatives. The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

- D. The Registrant may recommend or select other investment advisors for its clients generally through Third Party Asset Management Programs ("TAMPs"). LPL Financial makes available advisory services and programs of third party investment advisors. Through these TAMPs, the Registrant's representatives provide ongoing investment advice to clients that is tailored to the individual needs of the client. As part of these TAMP services, the representative typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account with the TAMP. In addition, depending on the type of program, the representative may assist the client to select a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the third party investment advisor (and not Registrant's representative) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The Brochure for

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the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. In particular, the Registrant currently offers advisory services through TAMPs sponsored by, among others: SEI, Loring Ward Advisor Services, Manning & Napier, Genworth Financial Wealth Management (“GFWM”), ManagersChoice, Envestnet, Lockwood and FTJ Fund Choice. Clients should refer to the Brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services available under the program.

### **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 its representatives may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and its representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential 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 an Access Person of the Registrant must provide the Chief Compliance Officer 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 with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

- D. The Registrant and its representatives 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 its representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential 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 or custodian for execution and custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer or custodian), Registrant generally recommends that investment management accounts be maintained at LPL Financial. 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 agreement with each designated broker-dealer or custodian.

Factors that the Registrant considers in recommending LPL Financial (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 transaction fees paid by Registrant’s clients shall comply with the Registrant’s duty to obtain 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 and transaction fee is reasonable in relation to the value of the brokerage and research services received. 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 a

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broker-dealer's 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 or 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.

As discussed previously, certain associated persons of the Registrant are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the Registrant's clients, even if client does not establish any account through LPL Financial. If you would like a copy of the LPL Financial privacy policy, please visit [www.lpl.com](http://www.lpl.com) or contact the Registrant's Chief Compliance Officer, Patrick J. Sullivan.

The Registrant may also recommend that clients establish brokerage accounts with registered broker-dealers other than LPL Financial who are members of FINRA and SIPC with the to maintain custody of clients' assets and to effect trades for their accounts.

These other broker-dealers may include:

1. Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC,
2. TD Ameritrade.

The final decision to custody assets with a broker-dealer such as Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. The Registrant is independently owned and operated and not affiliated with Schwab.

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 or custodian, Registrant may receive from LPL Financial, 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 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.

Registrant's clients do not pay more for investment transactions effected or assets maintained at LPL Financial as a result of this arrangement. There is no corresponding commitment made by the Registrant to LPL Financial 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.

In the event that the Registrant's clients utilize the services of Schwab as a broker-dealer and custodian of assets, Schwab may provide the Registrant with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For client accounts of the Registrant that are maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle in Schwab accounts.

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Schwab also makes available to the Registrant other products and services that benefit the Registrant but may not benefit its clients' accounts. These benefits may include national, regional or Registrant-specific educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of the Registrant by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist the Registrant in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Registrant's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Registrant's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to the Registrant other services intended to help the Registrant manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Registrant by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Registrant. The Registrant's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to the Registrant of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. **The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding**

**perceived conflict of interest any such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant 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.

**Please Note:** 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. **The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

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 obtain 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

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- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant and its representatives. 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 may receive an indirect economic benefit from LPL Financial. The Registrant, without cost (and/or at a discount), may receive support services and/or products from LPL Financial. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at LPL Financial as a result of this arrangement. There is no corresponding commitment made by the Registrant to LPL Financial 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. Other broker-dealers, such as Schwab and TD Ameritrade, may also provide similar indirect economic benefits, support services and products, and do not require higher payments or fees or minimums. **The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**
- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state

securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

- C. If the Registrant introduces a client to another investment advisor or an investment manager, the Registrant may be paid a referral or solicitor fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid according to a fee disclosure statement provided to the client at the time that the referral is made. When the Registrant is acting as an unaffiliated solicitor, the Registrant, at the time of the solicitation, shall disclose the nature of its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written disclosure statement with a copy of the written disclosure statement from the investment advisor or investment manager to the client disclosing the terms of the solicitation arrangement between the Registrant and the investment advisor or investment manager, including the compensation to be received by the Registrant.

#### Item 15 Custody

The Registrant does not have custody of client funds or securities.

The Registrant has the ability to have its advisory fee for each client debited by the custodians 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. **Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, clients are urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

#### Item 16 Investment Discretion

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**PRIVATE ADVISOR GROUP**

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, the client shall be required to execute an Investment Advisory Agreement, naming the Registrant as the 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.

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 is not required to include its balance sheet for the most recent fiscal year.
- B. The Registrant is unaware of any financial condition that is likely to impair its ability to meet its commitments to clients.
- C. The Registrant has not been the subject of a bankruptcy petition.

## Any Questions?

The Registrant's Chief Compliance Officer, Patrick J. Sullivan, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements. Should a client or prospective client have any questions, please contact Mr. Sullivan at (973) 538-7010.