

Transitions Wealth Management, LLC

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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of Transitions Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 303-221-4867. 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 Transitions Wealth Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Transitions Wealth Management, LLC is 107812.

Transitions Wealth Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated February 7, 2017 we have the following material changes to report:

We disclosed that Lawrence L. Greenberg, Member is no longer associated with Transitions Wealth Management in any capacity.

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Item 4 Advisory Business

Description of Services and Fees

Transitions Wealth Management, LLC is a registered investment adviser based in Greenwood Village, Colorado. We are organized as a limited liability company under the laws of the State of Colorado and we have been providing investment advisory services since 1999. Bruce R. Bendell, Richard I. Negreann, and Gary P. Saltzman are our principal owners. Currently, we offer portfolio management services and financial planning services, which are personalized to each individual client.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Transitions Wealth Management, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Adviser Representative throughout this Brochure. As used in this Brochure, our Associated Persons or Investment Adviser Representatives are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

Portfolio Management Services

We offer discretionary portfolio management services where our investment advice is tailored to meet your needs and investment objectives. If you retain our firm for these services, we will work with you to determine your investment objectives, risk tolerance, and other relevant information (that helps us act as your fiduciary) at the beginning of our advisory relationship. Then, we will create an Investment Policy Statement to serve as a basis for approaching investment decisions which will contain a recommendation for the initial allocation of your assets. Once we construct your portfolio, we will monitor its performance on an ongoing basis, and will rebalance it as required by changes in market conditions and/or in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your prior approval. Discretionary authority is typically granted by the portfolio management agreement you sign with our firm, a power of attorney, or trading authorization forms.

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

Account Balance	Annual Fee
Up to \$199,999	1.85%
\$200,000 to \$499,999	1.25%
\$500,000 to \$999,999	1.00%
\$1,000,000 to \$5,000,000	0.90%
Over \$5,000,000	0.75%
Over \$10,000,000	0.50%

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the portfolio management agreement upon 30 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

We encourage you to reconcile any account information provided by us with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our provided information and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

Financial Planning Services

We offer broad-based, modular, and consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to you and the management of your financial resources based upon an analysis of your individual needs. An Associated Person of our firm will conduct a complimentary initial consultation.

If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we review and analyze the information you provide to our firm, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

In some circumstances, clients may only require advice on a single aspect of the management of their financial resources. For these clients, we offer financial plans in a modular format and/or general consulting services that address only those specific areas of interest or concern.

Financial plans are based on your financial situation at the time we prepare the plan, and on the financial information you provide. You must promptly notify us if your financial situation, goals, objectives, or needs change.

We charge a fixed fee for financial planning services. Our fixed fee generally ranges between \$750 and \$1,500. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. We require that you pay 50% of the fee in advance and the remaining portion upon the completion of the services rendered. An estimate of the total time/cost will

be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. For financial planning consultations, we charge a negotiable fee of \$350 per hour. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200. Clients who retain us to provide Portfolio Management Services may receive complimentary financial planning services.

You or our firm may terminate the financial planning agreement within five days of the date of acceptance without penalty to you. After the five-day period, either party may terminate the financial planning agreement with 30 days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the financial planning agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Types of Investments

We primarily offer advice on no load mutual funds.

Assets Under Management

As of December 31, 2017, we provide continuous management services for \$262,870,853 in client assets on a discretionary basis.

Item 5 Fees and Compensation

Please refer to the "Advisory Business" section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total costs you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the "Advisory Business" section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$500,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

Our Methods of Analysis and Investment Strategies

We utilize asset allocation software to evaluate alternative portfolios and assist clients in selecting long-term strategies that are consistent with the goals in the client's Investment Policy Statement. Implementation of the client's Investment Policy Statement primarily occurs with mutual funds issued by Dimensional Fund Advisors ("DFA"). While we do not advise clients with respect to individual securities in the client's existing portfolio, we may take their performance characteristics into account in designing that portion of the client's portfolio that we will manage.

Our advice is based upon long-term investment strategies that incorporate the principles of Modern Portfolio Theory (MPT) and dollar cost averaging. Dollar cost averaging is a strategy of buying mutual funds, in fixed dollar amounts at scheduled intervals, with the aim being to lower the average cost per share over time. Dollar cost averaging does not assure a profit and does not protect against loss in declining markets. Our investment approach is firmly rooted in the belief that markets are "efficient", and that investors returns are determined principally by asset allocation decisions, not market timing or stock picking. MPT is a theory of investing which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. MPT is a mathematical formulation of the concept of diversification in investing, with the aim of selecting a collection of investment assets that has collectively lower risk than any individual asset. The risk, return, and correlation measures used by MPT are mathematical statements about the future. In practice investors must substitute predictions based on historical measurements of asset return and volatility for these values in the equations. Very often such expected values fail to take account of new circumstances which did not exist when the historical data were generated.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO ("First-In First-Out") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method

is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend no load mutual funds. In certain cases, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. With some mutual funds, you potentially risk the manager underperforming the market. The returns on mutual can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

Item 9 Disciplinary Information

Transitions Wealth Management, LLC has been registered and providing investment advisory services since 1999. Neither our firm nor any of our management persons has any reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

Arrangement with Affiliated Entities

Our firm is affiliated with The Wenner Group, LLC, through common control and ownership. The Wenner Group, LLC is an accounting and consulting firm providing actuarial, audit, compliance, and tax consulting services. If you require these types of services, we will recommend that you use The Wenner Group, LLC. Our fees for investment advisory services are separate and distinct from the fees The Wenner Group, LLC charges for their services.

Given the common control and ownership between the two firms, there is a conflict of interest in that we may have a financial incentive to recommend our affiliate's services. While we believe that fees charged by our affiliate are competitive, their fees may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use The Wenner Group, LLC's services and may obtain comparable services and/or lower fees through other firms.

Recommendation of Other Vendors

We may recommend plan administrators for qualified retirement plans; however, this referral arrangement does not present a conflict of interest because we do receive commission (nor do we charge a fee) for recommending the services of plan administrators.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Bruce Bendell, Managing Member and Chief Compliance Officer at 303-221-4867.

Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities. Under certain circumstances, exceptions to the trading policy may be made.

In the case of mutual funds, we believe that effecting transactions in mutual funds recommended to you cannot conflict with your interest in the same funds because open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, our personal transactions in mutual funds are not likely to have an impact on the prices of the fund shares in which you invest.

Item 12 Brokerage Practices

Brokerage Recommendation

We do not maintain custody of your assets that we manage/on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see *Item 15 - Custody*, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that clients in need of brokerage and custodial services utilize Charles Schwab & Co., Inc. (Schwab), registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see *"Your Brokerage and Custody Costs"*).

Your Brokerage and Custody Costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see *"How We Select Brokers/Custodians"*).

Products and Services Available to Us from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

Services That Benefit You. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements) Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting services that generally benefit only us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients.

Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us.

As of December 31, 2015 we had approximately \$201 million in client assets under management (see Assets Under Management Section above), and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, including the value of research provided and other products and services that benefit us (see Products and services that benefit us, as discussed below), the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Block Trades

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading") because we generally only invest in mutual funds which do not trade in blocks.

Item 13 Review of Accounts

Portfolio Management Services

Gary P. Saltzman, Lawrence L. Greenberg, Richard I. Negreann; Members of the Company, Michelle Sandt-Wade, and Michael G. Simmons; Wealth Managers, as well as Bruce R. Bendell, managing Member and Chief Compliance Officer will monitor your accounts on an ongoing basis and will conduct a review on at least an annual basis to ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on your request and upon various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

Occasionally, we may make render investment advice to clients who direct brokerage at broker-dealer custodians who we do not utilize. It is the client's responsibility to implement any such advice; we will not continuously manage such accounts and will review accounts with clients on an annual basis.

We will provide you with quarterly written performance reports. In addition, you will receive trade confirmations, monthly or quarterly statements, and year-end tax statements from your account custodian(s).

Financial Planning Services

Financial plans may be updated on an annual basis upon your request and which may be subject to our regular hourly rate.

Item 14 Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you. However, please refer to the "Brokerage Practices" section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab.

We may directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

We have entered into contractual arrangements with some employees of our firm, under which the employee receives compensation from our firm for the establishment of new client relationships. Employees who refer clients to our firm must comply with the requirements of the jurisdictions where they operate. The compensation to the employee generally equals a percentage of the advisory fee collected from you for as long as you are a client with our firm, or until such time as our agreement with the employee expires. You will not be charged additional fees based on this compensation arrangement. Incentive based compensation paid to employees is contingent upon you entering into an advisory agreement with our firm. Therefore, employees have a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. In addition, Associated Persons of our firm may serve as trustee to certain accounts for which we provide investment advisory services. These trustee relationships result in our Associated Persons and firm having custody over certain advisory accounts and client assets. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will show the assets in your account and indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. The periodic reports we provide to you also reflect the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

Item 17 Voting Client Securities

Proxy Voting

We will not vote proxies on behalf of your advisory accounts. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you.

Item 19 Requirements for State Registered Advisers

We are an SEC registered investment adviser therefore this section is not applicable.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Bruce R. Bendell, Managing Member and Chief Compliance Officer at 303-221-4867, if you have any questions regarding this policy.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

For accounts maintained at Schwab Institutional, if a profit results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, you are not permitted to keep the gain, or you do not want the profit (e.g., due to tax reasons). If the profit does not remain in your account, Schwab will donate the amount of any profit \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will keep the loss or profit (if you do not keep the profit) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in profit and losses in your account, they may be netted.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.