

**Part 2A of Form ADV: *Firm Brochure***

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**This brochure provides information about the qualifications and business practices of Brown, Lisle/Cummings, Inc. (“BLC”). If you have any questions about the contents of this brochure, please contact us at (401) 421-8900 or [dizzi@brownlc.com](mailto:dizzi@brownlc.com) or [mplante@brownlc.com](mailto:mplante@brownlc.com) . The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.**

**Additional information about BLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 1331.**

## **Item 2. Material Changes**

We have the following material changes to report since the last version of this Firm Brochure that was dated 03/03/2020:

- Item 4 was amended to further describe the services, features, and limitations of the firm's wrap fee program
- Item 4 was amended to incorporate disclosure language regarding account aggregation platforms
- Items 4 and 5 were amended to revise the description financial planning and consulting services and related fees
- Item 5 was amended to further describe commission-based sales and related conflicts of interest and to revise the description of fee negotiability

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## **Item 4. Advisory Business**

BLC is an investment adviser registered in the states of Rhode Island, Washington, Connecticut and Massachusetts. BLC is also a FINRA-member broker-dealer registered with the SEC and over thirty states. BLC's principal place of business is located in Providence, Rhode Island. BLC was founded in 1912 and has been registered as an investment adviser since 2006 and with the SEC as a broker-dealer since 1966.

Listed below are the firm's shareholders:

- David A. Izzi, President, Secretary, Treasurer, and Chief Compliance Officer
- John A. Marginson, Vice President
- Louis G. Murphy, Jr., Vice President
- Scott S. Lisle, Vice President
- Joseph H. McGinn, Jr., Vice President

None of these individuals own 25% or more of BLC.

As of December 31, 2020, we were managing \$172,116,319 of advisory client assets on a discretionary basis and \$8,253,626 of advisory client assets on non-discretionary basis. We were also managing \$719,966,194 for our brokerage clients on a non-discretionary basis.

BLC offers the following advisory services to our clients: Individual Portfolio Management, Financial Planning, and Financial Consulting. Please see the disclosure below in this Item for additional information regarding these services.

### INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm offers portfolio management services to its advisory clients. We will provide continuous advice to a client regarding the investment of client funds based on the client's individual needs. Through personal discussions in which a client's goals and objectives are established, we develop a client's personal investment strategy and create and manage a portfolio based on that strategy. During this data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and

background.

We manage these advisory accounts on a discretionary and non-discretionary basis. Account supervision is guided by the client's stated objectives (e.g., growth, income, and a balance between growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities: individual stocks, bonds, options, mutual funds, and exchange-traded funds (“ETFs”). Because some types of investments, such as options, involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Our portfolio management services are provided exclusively on a wrap fee basis. Under our wrap fee program, the client receives our portfolio management services, the execution of securities brokerage transactions, custody, investment platform fees, and reporting services for a single specified fee. When managing a client's account on a wrap fee basis, we receive as payment for our services, the balance of the wrap fee after all other costs incorporated into the wrap fee program have been deducted. Participation in a wrap program may cost the client more or less than purchasing such services separately. The terms and conditions of a wrap program engagement are more fully discussed in our separate Wrap Fee Program Brochure. Conflict of Interest: Because we pay wrap program transaction fees and/or commissions to the account custodian/broker-dealer, we have an economic incentive to minimize the number of trades in client accounts.

Clients who wish to engage us for portfolio management services must be willing to accept that these services are only provided on a wrap fee basis. We do not provide portfolio management on a non-wrap fee basis. For clients who do not desire a wrap fee arrangement, or for those who do not believe the amount of trading in their account(s) justifies such a wrap fee, we can be separately engaged in our capacity as a broker-dealer. If requested, we can assist the client in determining the appropriate type of engagement by reviewing the actual and expected amount of account trading activity, at the outset of the client engagement and/or at any point thereafter. As a result of these reviews, we can recommend the form of engagement that we believe is in the client's best interest, but the ultimate decision will always be left to the

client.

## FINANCIAL PLANNING

We also provide financial planning services, either on a standalone basis, or in combination with one or more of our other services. Financial planning is an in-depth evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report that provides the client with a detailed financial plan designed to help achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; we then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment options and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, and long-term care.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term estate planning strategies, including the appropriateness of living trusts, wills, powers of attorney, beneficiary designations, gifts, and asset protection plans.

We gather required information through in-depth personal interviews. Information gathered includes a client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. For standalone financial planning engagements, the planning engagement ends at the time the plan is presented to the client, and we typically do not provide ongoing monitoring of, or updates to, the financial plan. Clients who have received a financial plan, and who subsequently wish to have such plan reviewed and, if appropriate, revised, can engage us to do so under a separate agreement.

When we provide financial planning services in combination with our ongoing portfolio management service, we will not provide ongoing monitoring of our planning recommendations, but we will remain available during the term of the ongoing engagement to review and, if appropriate, revise previously-provided financial planning recommendations at the request of the client.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

### FINANCIAL CONSULTING

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client, such as the review of a client's existing investment portfolio or the review of client assets managed by other investment professionals.

Financial Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. The client is exclusively responsible for determining whether and how to implement our financial consulting recommendations. We do not provide ongoing monitoring

of our financial consulting recommendations. However, subsequent to delivery of our financial consulting recommendations, the client may engage us to review and, if appropriate, revise such recommendations pursuant to a separate agreement.

**Please Note: Account Aggregation Platform(s).** We may provide clients with access to certain online account aggregation platform(s). The platform(s) allows a client to view their complete asset allocation, including those assets that we do not manage (the “Excluded Assets”). We do not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, we shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets shall be exclusively responsible for such investment performance. The client may choose to engage us to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement. The platform(s) may also provide access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by our firm or representatives. Finally, we shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the platform(s) without our assistance or oversight.

## **Item 5. Fees and Compensation**

### **FEES FOR INDIVIDUAL PORTFOLIO MANAGEMENT**

The annual fee charged for our Individual Portfolio Management services is based on the amount of assets under management as follows:

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
The first \$1,000,000	1.50%
The next \$1,000,000	1.25%
Over \$2,000,000	1.00%

For example, if a client’s account is valued at \$3,000,000, the annual fee would be calculated as follows:  $(\$1,000,000 \times 1.50\%) + (\$1,000,000 \times 1.25\%) + (\$1,000,000 \times 1.00\%)$ .

Our fees are assessed quarterly, in advance, at the beginning of each quarter. Therefore, clients are charged  $\frac{1}{4}$  of their annual advisory fee every three months.



The fee is based upon the market value of the client's account at the end of the previous three month period. Fees and/or credits, as applicable, are applied on a prorated basis for account deposits and withdrawals during the following fee period. Clients will be invoiced or have their fees debited from the account in accordance with client authorization.

#### FEES FOR FINANCIAL PLANNING AND FINANCIAL CONSULTING

BLC's Financial Planning and Financial Consulting fees will be determined based on the nature of the services being provided, the complexity of each client's circumstances, the reports to be provided, and negotiations with the client. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning and Financial Consulting fees are calculated and charged on a fixed fee basis. Our fixed fees typically range from \$500 to \$1,000 and are based upon various objective and subjective factors, including the level and scope of the financial planning and consulting services to be provided, the representative rendering the financial planning and consulting services, and the anticipated complexity of the engagement. As a result, BLC's clients could pay diverse fees, and the financial planning and consulting services to be provided by BLC could be available from other advisers at lower fees. The ultimate fee shall be agreed upon by BLC and the client prior to commencement of services and will be set forth in the Financial Planning and Consulting Agreement between BLC and the client. We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the service.

BLC reserves the discretion to reduce or waive a client's Financial Planning or Financial Consulting fee if the client chooses to engage us for our portfolio management services.

There is no minimum fee for Financial Planning and Financial Consulting clients.

#### GENERAL INFORMATION

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Negotiability of Fees:*** In certain circumstances, our fees may be negotiable based on a variety of subjective and objective factors, including but not limited to: the

amount of assets to be managed; account composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; negotiations with the client; and other factors. In addition, certain legacy clients may be subject to fee arrangements no longer offered to new clients and not described in this Disclosure Brochure. All clients are advised to consult their services agreement with BLC for details on their specific fee arrangement. As a result of these factors, similarly-situated clients could pay different fees, and the services to be provided by BLC to any particular client could be available from other advisers at lower fees.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to BLC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's fees and minimum account requirements will differ among clients.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees may be paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any unpaid fees will be due and payable. In calculating a client's reimbursement of fees for Individual Portfolio Management accounts, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Fund Fees:*** All fees paid to BLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to BLC's advisory fees, IRA clients are

also responsible for custodial maintenance fees that are assessed by the clearing broker. Under wrap fee engagements, BLC shall pay all other expenses, such as brokerage commissions, custody fees, and platform fees. Please refer to Item 12 of this Brochure for additional information about our brokerage practices.

***ERISA Accounts:*** BLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act (“ERISA”). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

***Compensation for the Sale of Securities or other Investment Products:*** As disclosed above in Item 4, BLC is also a FINRA-member broker-dealer. Thus, the management persons and other employees of BLC may also be separately licensed as registered representatives of BLC. Further, these management persons and employees of BLC may also be insurance agents for one or more independent insurance companies. As such, BLC and these individuals will be able to effect securities transactions and/or purchase insurance and insurance-related investment products for advisory clients, for which they will receive commission compensation. This commission compensation is separate and in addition to the advisory fees paid by clients to BLC. Recommendations to purchase commission-based securities or insurance products from our representatives, in their separate capacities as broker-dealer registered representatives and/or licensed insurance agents, presents a conflict of interest, in that those representatives are incentivized to recommend the product that will result in the highest commission, rather than basing such recommendation on a particular client’s need.

Further, these individuals may receive 12b-1 distribution/service fees from investment companies in connection with the placement of client funds into investment companies. Common examples of investment companies include mutual funds. Mutual fund share classes which pay 12b-1 compensation generally have higher internal expense ratios when compared to share classes which do not pay 12b-1 compensation, which adversely impacts performance.

Recommendations to purchase commission-based securities which pay 12b-1 compensation presents a further conflict of interest, in that those representatives are incentivized to invest and/or recommend the client invest in a mutual fund share class which will generate 12b-1 fee payments.

Clients, however, are not under any obligation to engage these individuals when considering implementation of securities recommendations. The implementation of any or all recommendations is solely at the discretion of the client and may be purchased through other brokers or agents unaffiliated with BLC.

As noted above, clients should be aware that the receipt of additional compensation by BLC and its management persons or employees creates a conflict of interest and gives these individuals an incentive to recommend investment products based on the compensation received, rather than on a client's needs. BLC endeavors at all times to put the interest of its clients first as part of its fiduciary duty as a registered investment adviser and takes the following steps to address this conflict:

- BLC has adopted a policy prohibiting BLC, its management persons and employees from earning commissions for transactions placed in its portfolio management client accounts;
- BLC will waive all front-load charges for front-load mutual funds which it recommends and implements for advisory clients;
- To avoid engaging in prohibited transactions with ERISA clients, we only charge advisory fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.
- 12b-1 fees on advisory accounts are reversed;
- BLC discloses to clients the existence of all material conflicts of interest, including the potential for BLC and its employees to earn compensation from advisory clients in addition to BLC's advisory fees;
- BLC discloses to clients that they are not obligated to purchase recommended investment products from BLC or BLC's employees;
- BLC does not limit its advisory recommendations to products offered by BLC;
- BLC collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- BLC's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the

- client's needs and circumstances;
- BLC requires that its employees seek prior approval of any outside employment activity so that BLC may ensure that any conflicts of interests in such activities are properly addressed;
- BLC periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by BLC; and
- BLC educates its employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7. Types of Clients**

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

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

*Generally.* We have contracted with Envestnet Asset Management, Inc. ("Envestnet"), a registered investment adviser, to use their Managed Account Solutions Program (the "MAS Program"). The MAS Program provides us with a technology platform to support performance reporting and fee calculation billing. The services provided in the MAS Program also include:

- Assessment of the client's investment needs and objectives;
- Development of an asset allocation strategy designed to meet the client's objectives;

- Recommendations on suitable style allocations;
- Review of client accounts to ensure adherence to policy guidelines and asset allocation;
- Recommendations for account rebalancing, if necessary;
- Online and paper reporting of client account(s) performance and progress; and
- Fully integrated back office support systems to advisers, including custody, trade execution, and confirmation and statement generation through National Financial Services, LLC, Members NYSE, SIPC.

BLC and the client compile pertinent financial and demographic information to develop an investment strategy that will seek to meet the client's goals and objectives. The client's information is electronically forwarded to Investnet and an investment proposal is generated for review by BLC. We analyze the proposal and recommend an appropriate investment strategy to the client based on that client's needs and objectives, investment time horizon, risk tolerance and any other pertinent factors.

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Technical Analysis.*** Technical analysis involves the analysis of past market movements and the application of that analysis to the present in an attempt to recognize recurring patterns of investor behavior and to predict future price movement.

Charting and cyclical analysis are types of technical analysis that we use. Charting involves the review of charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse. Cyclical analysis involves measuring the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

***Mutual fund and/or ETF analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or

- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and may result in increased transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Margin.** We do not use margin transactions as an investment strategy. However, we do recommend, where appropriate, that a client establish a margin account with the client's broker. In this situation, if we are selling one stock and purchasing another stock with the proceeds, we can use the margin account to make certain that you are not left out of the purchase if we have difficulty completing the sale.



*Options*<sup>1</sup>. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are “calls” and “puts.” A call gives a client the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires. A put gives a client the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We may use options to “hedge” a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security in our client’s portfolios.

We also may use “covered calls”, in which we sell an option on a security held in our client’s portfolios. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

In addition, we may use a “spreading strategy”, in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss. A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

## RISK OF LOSS

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance

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<sup>1</sup> For more information regarding options, you may refer to The Options Industry Council website: <http://www.888options.com/basics/default.jsp>

for risk.

## **Item 9. Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose under this item, please refer to Item 19 of this Brochure for additional reportable disciplinary history.

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

As disclosed above in Item 4, BLC is also a FINRA-member broker-dealer, and many of our management persons and other employees are registered representatives of BLC. In addition, some of our management persons and other employees are insurance agents for one unaffiliated insurance companies. Please see the disclosure in Item 5 of this Brochure for information regarding these relationships and the applicable conflicts of interest.

## **Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

### CODE OF ETHICS

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. BLC and our personnel owe a duty of loyalty, fairness and good faith to our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

BLC's Code of Ethics includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Our Code of Ethics requires that anyone associated with this advisory practice with access to advisory recommendations, client holdings or other specified information provide annual securities holdings reports and quarterly transaction reports of all reportable transactions to the firm's designated officer. These

reports are made available to an appropriate regulatory agency upon request and will be reviewed on a regular basis by the Chief Compliance Officer of BLC, or his designee, to supervise compliance with the firm's Code of Ethics. Additionally, our Code of Ethics requires prior firm approval of any acquisition of securities in a limited offering (e.g., private placement) and prohibits its employees from participating in an initial public offering ("IPO").

Our Code also contains oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email to [dizzi@brownlc.com](mailto:dizzi@brownlc.com) or [mplante@brownlc.com](mailto:mplante@brownlc.com), or by telephone at (401) 421-8900.

### PERSONAL TRADING POLICY

Our firm and the individuals associated with our firm may buy or sell securities for their personal accounts that are identical to or different from those recommended to our clients. In addition, the firm and these individuals may have an interest or position in a security which may also be recommended to a client. As these situations represent actual or potential conflicts of interest with our clients, we have taken the following steps to assure that (i) the personal securities transactions of our employees will not interfere with making and implementing decisions in the best interest of our advisory clients, (ii) our firm complies with its regulatory obligations, and (iii) we provide our clients with full and fair disclosure of such conflicts of interest:

1. Prohibiting the firm, its management persons and employees from:
  - a. Putting their own interest above the interest of an advisory client.
  - b. Buying or selling securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
  - c. Purchasing or selling any security immediately prior to a transaction(s) in the same securities being implemented for an advisory account.
2. Our firm requires prior approval for any private placement investments by access persons of the firm and prohibits all of its employees from participating in IPOs.
3. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access persons"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his designee.

4. We have established procedures for the maintenance of all required books and records.
5. We require all of our management persons and employees to act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. We provide each of our employees with a copy of the Code of Ethics on an annual basis.
7. We have established policies requiring the reporting of Code of Ethics violations to our Chief Compliance Officer.
8. Any individual who violates any of the above restrictions may be subject to termination.

### PRINCIPAL TRANSACTIONS

BLC and individuals associated with our firm are prohibited from engaging in principal transactions with advisory clients. A principal transaction is a transaction where BLC or a person associated with BLC, as principal, buys securities from, or sells securities to, a BLC client.

BLC may engage in principal transactions with brokerage-only clients.

### AGENCY CROSS TRANSACTIONS

BLC and individuals associated with our firm are prohibited from engaging in agency cross transactions. An agency cross transaction is a transaction in which BLC acts as an investment adviser and broker-dealer for an advisory client and another person on the other side of the transaction.

## **Item 12. Brokerage Practices**

### DIRECTED BROKERAGE

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct us as to the broker-dealer to be used. In directing the use of a particular broker or dealer, it should be understood that BLC will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to our clients.

We require that clients direct us to place trades using our own broker-dealer

services. As noted above in this Brochure, we are also a FINRA-member broker-dealer.<sup>2</sup> BLC acts as an introducing broker and has arrangements with National Financial Services LLC (“NFS”) to provide clearing, settlement and custodial services to its clients.<sup>3</sup> NFS is a FINRA-member broker-dealer and a SIPC-member.<sup>4</sup> NFS is an affiliate of Fidelity Investments and is independent of and unaffiliated with BLC.

We have evaluated NFS and believe that, together, we will provide our clients with a blend of execution services, transaction costs and professionalism that will assist our firm in meeting our fiduciary obligations to clients. BLC has a reasonable belief that it will, through its relationship with NFS, be able to obtain best execution and competitive prices. We will not be independently seeking best execution price capability through other brokers. BLC clients must evaluate both NFS and BLC (in its separate capacity as a broker-dealer) before opening an account.

Since our management persons and employees are also registered representatives of our firm, we are required to supervise their securities trading activities. As a result of these supervisory responsibilities, we will not be able to manage accounts for clients who request that brokerage transactions be directed to another broker or dealer.

As a broker-dealer, BLC and its associated registered representatives may effect securities transactions and may receive separate and customary compensation from these transactions. Thus, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of BLC when making brokerage recommendations. Please see the disclosure above in Item 5 regarding how we handle such conflicts of interest.

#### TRADE AGGREGATION POLICY

As a matter of policy and practice, BLC does not generally aggregate client trades and, therefore, implements client transactions separately for each account. Due to this practice, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, BLC clients may not receive volume discounts available to advisers who block client trades.

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<sup>2</sup> FINRA is the largest independent regulator for all securities firms doing business in the United States. For more information, please refer to FINRA’s website: <http://www.finra.org/>.

<sup>3</sup> For more information, please refer to NFS’ website: <https://nationalfinancial.fidelity.com>.

<sup>4</sup> For more information, please refer to the SIPC’s website: <http://www.sipc.org/>.

## **Item 13. Review of Accounts**

### INDIVIDUAL PORTFOLIO MANAGEMENT

*Reviews:* While the underlying securities within Individual Portfolio Management accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by Maria Plante, Assistant Compliance Officer and/or David Izzi, Chief Compliance Officer.

*Reports:* Client receives from the custodian, monthly statements, confirmations of transactions, and tax reporting information.

### FINANCIAL PLANNING/ FINANCIAL CONSULTING

These clients will receive reviews and reports as contracted for at the inception of the advisory engagement.

## **Item 14. Client Referrals and Other Compensation**

It is our policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is also our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15. Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that the client may grant our firm authority to receive payments directly from the client's account.

As part of this billing process, the client's custodian is advised of the amount of

the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we may also send reports outlining their current positions, security cost basis, and current market values directly to our clients. We urge our clients

to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16. Investment Discretion**

Clients may hire us to provide discretionary portfolio management services. Where we have been provided investment discretion, we place trades in a client's account without obtaining specific client permission prior to each trade. Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary advisory agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17. Voting Client Securities**

BLC does not vote client securities. Clients maintain exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore, BLC and/or the client shall instruct each custodian of the applicable assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

BLC also does not typically provide advice to clients regarding the clients' voting of securities.

## **Item 18. Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.



As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. BLC has no additional financial circumstances to report and has never been the subject of a bankruptcy petition.

## **Item 19. Requirements for State-Registered Advisers**

As disclosed above in Item 6, neither BLC nor its supervised persons charge performance based fees for investment advisory services.

Neither BLC nor our management personnel have a relationship or arrangement with an issuer of securities.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. The following are disciplinary events relating to our firm and/or our management personnel:

- On August 18, 1989, the State of Illinois brought a regulatory action against BLC and John A. Marginson, Registered Representative of BLC, alleging that they effected a securities transaction in Illinois without being properly registered in Illinois. On November 21, 1989, BLC and Mr. Marginson entered into a Stipulation and Consent Order with Illinois that prohibited BLC and Mr. Marginson from providing brokerage services in Illinois until they were properly registered. In addition, BLC paid a fine of \$500. BLC and Mr. Marginson were thereafter granted registration by Illinois on February 21, 1990.
- On November 3, 1989, BLC consented to the entry of an order which found that it had violated the Vermont Securities Act by the offer and sale of securities to Vermont residents without being registered as a broker-dealer and failing to exercise proper supervision. BLC agreed to pay Vermont a \$3,000 investigation fee and to review and modify its compliance procedures to ensure compliance with Vermont law. BLC was granted registration as a broker-dealer by Vermont on February 8, 1990.
- On July 30, 1990, the State of Florida issued a Notice of Intent to Issue a Cease and Desist order to BLC to stop effecting securities transactions with a Florida resident prior to BLC's registration in Florida as a broker-

- dealer. On January 28, 1991, Florida vacated the Notice of Intent and granted BLC registration as a broker-dealer. BLC agreed to pay Florida \$10,000 as reimbursement for the costs of the investigation in this matter.
- On September 13, 1991, the State of Maryland brought a regulatory action against BLC alleging that they effected a securities transaction in Maryland without being registered in Maryland. On November 19, 1991, BLC entered into a Consent Order with Maryland that prohibited BLC from providing brokerage services in Maryland until they were properly registered. In addition, BLC paid administrative costs of \$500. BLC was granted registration as a broker-dealer by the State of Maryland on November 19, 1991.

The following are BLC's principal executive officers and management persons:

- David A. Izzi, President, Secretary, Treasurer, and Chief Compliance Officer
- Scott S. Lisle, Vice President
- John A. Marginson, Vice President
- Louis G. Murphy, Jr., Vice President
- Joseph H. McGinn, Jr., Vice President

Information about the formal education and business background for each of these individuals is provided either in their Brochure Supplements (Form ADV Part 2B) or below:

***John A. Marginson***

- *Education:* University of Rhode Island, Bachelor of Science, 1978
- *Business Background:* Brown, Lisle/Cummings, Inc., Vice President and Shareholder, 1978 to present