



May 2011

**About Beacon Financial Advisors Ltd.**  
**Beacon** is an independent fee-only advisor with a clear mission statement: To provide our clients long-term value-added financial counsel and investment performance with exceptional service. **Beacon** is an RIA with the US SEC.

**Beacon's Advisors**  
**MARCEL HEBERT** has a B.S. in Finance, an M.B.A., and is a Certified Financial Planner (CFP) licensee and a Chartered Financial Analyst (CFA) charterholder.

**JOSH HEBERT** has a B.S. in Accounting, an M.B.A., and is a Certified Internal Auditor (CIA) and a Certified Financial Planner (CFP) licensee. Prior to joining Beacon in 2007 Josh spent 4 years with Ernst & Young.

# CHARTING THE COURSE

*Special Series of Briefs About Beacon's Client Services*

**SEC SAY'S "GIVE IT TO 'EM IN PLAIN ENGLISH": *Beacon's ADV BROCHURE***

**Appendix C**

**FORM ADV (Paper Version)**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

**PART 2: Uniform Requirements for the Investment Adviser Brochure and Brochure Supplements**

**General Instructions for Part 2 of Form ADV**

**T**ylenol PM is handy for those times when sleeplessness comes for some of us. Another sure remedy for insomnia is reading the U.S. Securities and Exchange Commission's ("SEC") new rules for Registered Investment Advisors ("RIA") disclosure requirements in Form ADV Part 2, otherwise known as the "Brochure."

For background, RIA's like **Beacon** operate in a highly regulatory environment. While it's common to see advertisements and testimonials on TV and in print media for other professions, that's not the case with RIAs. In the aftermath of the massive financial frauds perpetrated by the likes of Bernard "Bernie" Madoff and Allen Stanford, the SEC on July 21, 2010 adopted amendments to Form ADV and related rules. RIA's like **Beacon** must replace the previous Form ADV Part 2 "check the box" with a narrative brochure written in "plain English." **Beacon** provides our ADV Part 2 to all new and prospective clients, and each year on clients' fee renewal our ADV is offered free of charge. For the first time, all RIA's ADV Part 2 is now available electronically at the SEC's website. With electronic filing of ADV Part 2, the SEC will now be able to review Part 2 in order to assist in determining its audit schedule, as part of keeping with its risk-based examination schedule. Previously the SEC had access to an RIA's ADV Part 2 only by requesting it from the RIA or when they are on-site at the advisor's office conducting an audit. The SEC believes the new rules for an RIA's "Brochure" disclosure and electronic filing will make it easier for clients and prospective clients to shop around and compare advisors more easily.

**Beacon** must send you a copy of our new Brochure that was filed at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) in March 2011 by May 30, 2011. In **the next week or so we will be e-mailing our Brochure to you. There is no action required on your part.** So, we've prepared this SERVICE BRIEF to introducing our Form ADV, Part 2. *(continued page 2)*



To assist RIA's in preparing the Brochure in "plain English" the SEC prepared an 83 page tome called A PLAIN ENGLISH HANDBOOK: How to create clear SEC disclosure documents. It's another way of saying "I'm from the government and ready to help." The preface is written by none other than the legendary Warren E. Buffett of Berkshire Hathaway who closes with:

*"One unoriginal but useful tip: Write with a specific person in mind. When writing Berkshire Hathaway's annual report, I pretend that I'm talking to my sisters. I have no trouble picturing them: Though highly intelligent, they are not experts in accounting or finance. They will understand plain English, but jargon may puzzle them. My goal is simply to give them the information I would wish them to supply me if our positions were reversed. To succeed, I don't need to be Shakespeare; I must, though, have a sincere desire to inform.*

*No siblings to write to? Borrow mine: Just begin with "Dear Doris and Bertie."*



Give it to 'em  
in  
PLAIN  
ENGLISH!

A Plain English  
Handbook

How to create clear  
SEC disclosure documents

While striving to meet both the letter and spirit of the new disclosure rules, **Beacon** sought to make our Brochure a truly informative document for you and prospective clients. While much of the new Brochure includes information that is not new information, all of the required disclosure underscores the fact that we are your fiduciary. As the SEC writes in the instructions for Form ADV Part 2 in Disclosure Obligations as a Fiduciary: As a fiduciary under federal and state law, **Beacon** must make full disclosure to you of all material facts relating to our advisory relationship. We must also seek to avoid conflicts of interest with you and, at a minimum, make full disclosure of all material conflicts of interest that could affect the advisory relationship.

So, you'll learn if **Beacon** or its principals have ever declared bankruptcy (we haven't). You'll learn why we don't use "performance based" fees. You'll discover if our principals have outside business interests (we don't). You'll be informed if we pay third parties for referrals, or get paid to give referrals to others (we don't). You'll find out a lot about why we recommend Charles Schwab's Schwab Advisor Services (i.e. Schwab Institutional) as your "qualified custodian." Also, you'll be informed about why we "eat our own cooking" and invest our personal portfolio's the same way we recommend to you.

Most of all, we hope our new Brochure enhances your understanding and confidence in our mission statement: To Provide Our Clients Long-Term Value-Added Financial Counsel and Investment Performance with Exceptional Service. We always encourage your questions and comments about our services. Our Brochure is available free on our website or that of the SEC. Good reading! ■