

# Wrap Fee Brochure

## Ridgeway Conger Advisory Services

2123 Main Street  
New Woodstock NY 13122  
(315)-662-7450

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This Wrap Fee Brochure provides information about the qualifications and business practices of Ridgeway Conger Advisory Services. If you have any questions about the contents of this Brochure, please contact us at 315-662-7450 or by email at: [brian@ridgewayconger.com](mailto:brian@ridgewayconger.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Ridgeway Conger Advisory Services is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about Ridgeway Conger Advisory Services is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 2 – Material Changes**

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### Annual Update

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The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of this Wrap Fee Brochure.

### Material Changes since the Last Update

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In July 2010 the United State Securities and Exchange Commission issued a final rule which amends the disclosure document that we provide to clients as required by SEC Rules. This Wrap Fee Brochure is a new document prepared in narrative “plain English” format according to the SEC’s new requirements and rules. The new final rule specifies mandatory sections and organization of information.

In the future, this item will discuss only specific material changes that are made to the Wrap Fee Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

### Full Brochure Available

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Currently, our Wrap Fee Brochure may be requested by contacting Brian Murphy, Chief Compliance Officer at 315-662-7450 or by email at: [brian@ridgewayconger.com](mailto:brian@ridgewayconger.com). Brochures will be provided via email, fax, or regular postal mail at no charge.

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# Ridgeway Conger Advisory Services Wrap Fee Brochure

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

### **Firm Description**

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The Ridgeway Conger Advisory Services (RCAS) Wrap fee Program (Program) is an investment management program that provides clients with the ability to receive personalized investment management services without incurring separate brokerage commissions or transaction charges.

All clients in the Program grant RCAS either discretionary or non-discretionary authority to buy, sell and trade securities for their account and liquidate previously purchased securities that the client has transferred into their accounts.

After an analysis of any information provided by the client to RCAS, RCAS assists the client in developing an appropriate investment strategy for the assets in their accounts. Thereafter, all clients are encouraged to discuss their needs, goals, and objectives with RCAS and to keep RCAS informed of any changes. RCAS contacts ongoing clients at least annually to review its previous services and/or recommendations and to determine whether changes should be made to their investment strategy.

The initial meeting with a prospective client is typically free of charge and is considered an exploratory interview to determine the extent to services available through the Program may be beneficial to the client.

Neither RCAS nor the client may assign the wrap fee agreement without the written consent of the other party.

### **Fees for the Program**

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Clients in the program pay a single negotiated fee that covers both investment management and trade execution costs. The Program Fee is prorated and charged quarterly, in advance, based on the balance of the assets under management as of the last business day of the prior quarter. The maximum fee to be charged is 2.5% of assets under management.

The representative you are working with will be able to provide you the fee schedule they are using, and the exact fee will be specified in your agreement. The Firm reserves the right to employ a minimum and/or annual fee, which would be discussed with the client and fully disclosed in writing.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

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A client agreement may be cancelled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination any prepaid, unearned fees will be refunded during the following quarterly billing period. In calculating a client's reimbursement of fees, we will pro-rate the reimbursement according to the number of days remaining in the billing period.

### **Fee Comparison**

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Under the Program, clients receive both investment advisory services and the execution of transactions for a single, combined annualized fee, the Program Fee. Participation in the Program may cost the client more or less than purchasing such services separately. The number of transactions made in the client's accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. The Program Fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

### **Other Charges**

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Clients may incur certain charges imposed by third parties in addition to the Program Fee including, but not limited to, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, which is disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, annual IRA fees, and other fees and taxes on brokerage accounts and securities transactions. These fees are separate and distinct from the wrap fee charged to the client account(s).

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

The Program participants include individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

#### **Minimum Account Size**

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As a condition for starting and maintaining a relationship, RCAS generally imposes a minimum portfolio size of \$25,000. RCAS, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including pre-existing relationships, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, and account retention. RCAS may aggregate the portfolios of family members to meet the minimum portfolio size

### **Item 6 – Portfolio Manager Selection and Evaluation**

RCAS is the sponsor for the Program. The program is offered through individuals associated with RCAS, acting in their capacity as investment advisor representatives. These individuals are appropriately licensed and authorized to provide portfolio management services on behalf of the firm.

RCAS has been in business since February 2006. RCAS is owned 100% by an affiliated broker-dealer, Ridgeway & Conger, Inc.

As of March 31, 2011 which coincides with the end of our latest fiscal year, Ridgeway managed approximately \$78.9 million in assets for approximately 488 client accounts. Approximately \$70.6 million is managed on a discretionary basis, and \$8.3 million on a non-discretionary basis.

This wrap brochure describes the business of RCAS. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of RCAS's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on RCAS's behalf and is subject to RCAS's supervision or control.

#### **Services Provided**

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RCAS provides its Program clients with discretionary and/or non-discretionary management of investment portfolios. RCAS may also provide financial planning services to Program clients upon request and/or if appropriate.

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RCAS primarily allocates clients' investment management assets among one or more of the following in accordance with the investment objectives of the client:

- Individual stocks and bonds
- Exchange-traded funds (ETF's)
- No-load mutual funds
- Money market funds

Securities may also include, but are not limited to: equities (stocks), foreign securities, warrants, corporate debt securities, certificates of deposit, municipal securities, U.S. government securities, variable life insurance, variable annuities, mutual funds, options contracts, and interests in real estate or oil and gas limited partnerships. The firm does not have access to Initial public offerings (IPO's).

### **Tailored Relationship**

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The Program allows clients to access the investment advisory services of professional portfolio management personnel affiliated with RCAS for the individual management of Client accounts. Through written agreements with RCAS, each Client will be provided with an investment strategy tailored by portfolio managers at RCAS based on his or her individual financial circumstances, investment needs, goals and level risk of tolerance. The Client's financial information will be solicited through an Investor Profile Questionnaire, or other similarly named document.

RCAS assesses the client's goals, evaluates their current position and then plans and implements a financial strategy. As part of this process, RCAS also determines the client's sensitivity to risk. The goal of the portfolio is to meet the client's long-term financial needs.

### **Methods of Analysis**

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Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information utilized include:

- Financial newspapers and magazines
- Professional investment journals
- Stock rating services including Argus and S&P

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- Research prepared by independent sources such as Morningstar and Lipper
- Annual reports and prospectuses
- Company press releases
- Filings with regulatory agencies such as the Securities and Exchange Commission
- The World Wide Web

### **Investment Strategies**

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The investment strategy used for a specific client is based on the goals and objectives agreed to by the client and based on items including personal fact finding, an assessment of risk tolerance, income, net worth, age and other relevant factors. Such information is documented and collected on various forms used by the Firm and its representatives. The client may change these goals and objectives at any time.

Strategies employed by RCAS may include, but are not limited to: Aggressive, Balanced, Growth, Growth and Income, Income and Conservative strategies.

RCAS determines which Investment Managers (Managers) remain eligible to participate in the Program by conducting a periodic review of each Managers activities. Such review generally includes the following: examination of investment philosophy and process, interviews with personnel, and a review of trading practices and portfolio performance. RCAS retains the authority to remove any Manager from the Program and there is no guarantee that a particular Manager will be retained in the program. RCAS will continuously monitor the performance of each Client's performance in the Program.

### **Risk of Loss**

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All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a

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security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

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

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RCAS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). These types of arrangements create a potential conflict of interest because the adviser may recommend investments that carry a higher degree of risk.

### **Voting Client Securities**

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As a matter of firm policy and practice, RCAS does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. On an occasional basis RCAS may provide advice to clients regarding the clients' voting of proxies.

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

As stated in Item 6, RCAS acts as the sponsor of the program and its investment advisor representatives act as portfolio managers. Representatives have access to the same information available to RCAS.

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

There are no restrictions on a clients' ability to contact and consult with RCAS and/or their investment advisor representative.

### **Item 9 – Additional Information**

#### **Legal and Disciplinary**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of RCAS. The firm has no such items to report.

#### **Financial Industry Activities**

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Many investment adviser representatives of RCAS are also registered representatives with an affiliated broker-dealer under common ownership. These same representatives may also be licensed with various insurance companies.

#### **Financial Industry Affiliations**

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RCAS has arrangements that are material to its advisory business and clients. Many of its investment adviser representatives are also registered representatives of Ridgeway & Conger, Inc., and/or Adirondack Trading Group LLC, both members FINRA and SIPC. Acting in their capacity as registered representatives, they are able to engage in securities and insurance product sales through the broker-dealer which will generate commissions.

The sale of such commissionable products to clients is outside the scope of our advisory services. Commissions earned are separate and distinct from fees charged for advisory services. Clients should be aware that the ability to sell such products for additional compensation creates a potential conflict of interest. We seek to mitigate potential conflicts of interest by engaging in the following practices:

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- Adoption of a standard of conduct under our Code of Ethics that emphasizes putting the client's interests first
- Clients are not obligated to use Ridgeway's investment adviser representatives for the purchase of securities and/or insurance products.
- Full disclosure of all up-front, ongoing asset based and potential surrender charges to clients prior to purchase
- We do not charge management fees on accounts that generate a commission when purchased through us.
- In certain situations we may, at our discretion, discount or offset management fees against commissions received.

### **Code of Ethics**

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RCAS has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to an emphasis on always putting the client's interest first, the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at RCAS must acknowledge the terms of the Code of Ethics annually, or as amended.

RCAS will provide a copy of our Code of Ethics to any client or prospective client upon request and free of charge.

### **Participation or Interest in Client Transactions**

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RCAS, its employees and investment advisor representatives may buy or sell securities that are also held by clients. Supervised persons are prohibited from trading their own securities ahead of client trades.

Supervised persons must comply with the provisions of the RCAS Compliance Manual and Code of Ethics.

### **Personal Trading**

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The Chief Compliance officer of the firm is Brian Murphy. He reviews all supervised persons trades on a quarterly basis. His trades are reviewed by Leigh Garber, President of Ridgeway and Conger, Inc. The personal trading reviews ensure that personal trading of supervised persons does not affect the markets, and that clients of the firm receive preferential treatment. Employee trading is continually monitored under the Code of Ethics so as to reasonably prevent conflicts of interest between RCAS and its clients.

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### **Periodic Account Reviews and Review Triggers**

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Regular account reviews are performed on a quarterly basis by the advisor representative handling the client account. Random accounts are chosen each quarter for an audit review to ensure that accounts are being managed consistent with the clients stated objectives. Account reviews are performed more frequently when market conditions dictate. Other conditions that may trigger a review include changes in tax laws, new investment information, and changes in a client's own situation.

### **Regular Reports to Clients**

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Clients receive statements from the custodian holding their assets on at least a quarterly basis. They may also receive periodic written communications from their advisor representative.

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

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RCAS and its advisor representatives have been fortunate over the years to receive many client referrals. These have come from current clients, attorneys, accountants, personal friends of employees and representatives and other similar sources.

RCAS does have arrangements whereby they compensate individuals for referring business to the firm. All such arrangements are established under SEC Rule 206(4)-3 which governs payment to solicitors. Clients are provided with a Solicitor's Disclosure Document which defines the solicitor's role as well as the method of compensation.

RCAS does not accept referral fees or any other form of payment from other professionals when a prospect or client is referred to them.

### **Financial Information**

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RCAS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. A balance sheet is not required to be provided because Ridgeway does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

### **Business Continuity Plan**

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The firm has an evolving Business Continuity Plan that provides steps to mitigate and recover from the loss of office space, communications, services, or key people.

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The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up and archived offsite.

RCAS maintains equipped and functional offices to support ongoing operations in the event our main office is unavailable. These locations are, in order of closest proximity to the main office, are Cazenovia NY, Syracuse NY, and Saint Louis, Mo. The office to be used in the event of a disaster will depend on the scope of the incident. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

The firm has several Key personnel. It is expected that if there was a loss of a key individual the other(s) would step in.

### **Information Security**

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RCAS maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### **Privacy Notice**

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At RCAS we are committed to safeguarding the confidential information of our clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the Investment Advisory services provided by our firm. We will not share personal information about our clients with other companies unless we need to share the information in order to provide a product or service a client has requested. Unless we tell clients otherwise, these other companies do not have the right to use clients' personal information obtained from our firm in any manner beyond what is required to provide a client's requested product or service.

Our firm limits the collection of personal information to what is necessary to administer our business and to deliver our products and services to our clients. It is usually necessary in the conduct of our business that we share information with our affiliates. We do reserve the right to disclose or report personal information in limited circumstances where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to perform necessary credit checks or collect or report debts owed to us, to protect our rights or property, or upon reasonable request by the sponsor or provider of a product in which you have chosen to invest. Listed below is the information we do collect and how we use that information:

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Forms you fill out to interact with our company such as:

- new account forms
- agreements and contracts
- questionnaires and miscellaneous forms

These forms may request personal information such as your e-mail address, telephone number, mailing address, social security number, employment information, investment objectives and financial situation, and account numbers.

### **How we use this information**

We use your personal information for the purpose of conducting business with you. At no time do we sell your information or share it unless it is necessary to conduct business with you. On occasion, our clients' professional providers such as accountants, attorneys, etc. may request non-public information about them. We will upon request and with client authorization supply providers with such information.

### **Protection of Client Information**

Ridgeway Conger Advisory Service's policies require that employees with access to confidential client information may not use or disclose the information except for business use. Access to client information is available to employees on a "need-to-know" basis only and is restricted to certain employees, representatives and agents with a business reason for access to such information. Employees are required to sign a Confidentiality Agreement annually. Our Information Technology consultant has also signed an agreement to ensure your data is not compromised. We safeguard information according to established security standards and procedures and train our employees and representatives to understand and comply with these protections.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After such time, information may be destroyed.

### **Changes to Firm Privacy Policies**

We will notify you in advance if our privacy policy is expected to change. All new clients will receive the firm's most current private policy upon entering into an agreement or opening an account with the firm. All clients will be provided with the firm's most current privacy policy at least annually.

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### **Brochure Supplements**

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RCAS provides advisory services through numerous investment professionals. The investment adviser representative you choose to work with will provide you with their brochure supplement which will disclose, among other things, their educational and business background, any professional certifications they have attained, disciplinary information, other business activities, and their supervisor's information. These supplements must be provided to new clients entering into an agreement on or after July 31, 2011.