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BROCHURE SUPPLEMENT

(Part 2B of Form ADV)

RICHARD L. COX, SR., CFP®, ChFC®, ATA®, CLU®, AEP®, CKA®
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January 11, 2017

BROCHURE SUPPLEMENT
Advisor Resume

Additional information is available on the SEC's Web site at www.adviserinfo.sec.gov. [1]

This Brochure (ADV Part II B) Supplement provides information about your advisor that supplements the American Portfolios Advisors, Inc. Brochure. You should have received a copy of that Brochure. Please contact the advisory services department at 631.870.8207 if you did not receive American Portfolios Advisors, Inc.'s Brochure, or if you have any questions about the contents of this supplement.

Table of Contents

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education and Business Standards:

APA maintains no rigid educational or business background requirements for its employees, but professional personnel generally have a minimum of a college degree or equivalent business experience. All associated persons providing investment advice are required to pass a securities examination. The IARs responsible for providing investment advice to clients must have successfully passed FINRA Series 65 or 66. FINRA grants exceptions to this rule if an IAR has a professional designation of Certified Financial Planner (CFP), Charted Financial Consultant (ChFC), PFS, CFA or CIC.

RICHARD L. COX, SR. CFP®, ChFC®, ATA®, CLU®, AEP®, CKA®
YEAR OF BIRTH 1953

Executive Summary:

Richard Lee Cox, Sr. began his financial services career in 1976 as a field agent for a regional insurance company. He earned recognition as outstanding agent of the year for several years, primarily as a result of his unique insurance analysis and review process he developed for use with his clients. He was eventually promoted to Unit Supervisor and managed a team of agents until leaving the firm to start his own practice in 1984.

Not having a formalized college education after graduating high school in 1972 he enrolled in an advanced insurance educational program in 1977 and continued his education at the American College in Bryn Mawr, PA and the College for Financial Planning in Denver, CO, with a concentration in financial planning. He has earned several professional designations. In 2006 he challenged and passed the two day 10 hour Certified Financial Planner™ exam.

In 1984 he founded Cox Financial Centers, Inc. an independent insurance agency to enable him to offer insurance products to his clients. He became licensed as a securities representative in 1985 to offer mutual funds and variable products to his clients. In 1986 he became General Securities licensed to be able to offer individual stocks, bonds, and other securities to his planning clients.

In 1992 he became the Legal Agent and Managing Principal for FSC Advisory Corporation a wholly owned SEC Registered Investment Advisory firm of Financial Service Corporation, offering fee based investment advice and financial planning to his clients. The experience gained in operating the fee based firm proved valuable in the design and build out of his own accounting and Registered Investment Advisory firm Cox Wealth Management, LLC which he founded in 1998. He transferred the RIA business activates of Cox Wealth Management , LLC to American Portfolios Advisors, Inc. starting January 1, 2017 due to lower costs and economies of scale, the accounting services continue under Cox Wealth Management, LLC.

In 1993 he founded Legacy Trust Administration Services, Inc. and serves as its CEO. Legacy provides trust, estate, and business accounting services to its clients.

He founded Advisor Planning Corporation in 2001 as a consulting firm to other financial planners and financial services companies. He has served as outside consultant to many of the firms through which he has been associated, as well as on various advisory boards in the industry.

Richard Lee Cox, Sr. chose the commission and fee combination form of compensation (also known as a Hybrid Model in the industry) because when completing financial plans clients did not know where or how to acquire the recommended products. This resulted in lessened opportunity to achieve the financial goals established for the client. By offering both commission products as a Registered Representative and insurance products as an agent, he is able to match the specific product needed to the financial plan recommendations and aid his clients through the complete planning process.

Professional Education:

THE AMERICAN COLLEGE, Bryn Mawr, PA *(Graduate Course)*
ACCREDITED ESTATE PLANNER CURRICULUM **2007**

CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC., Washington, DC
CERTIFIED FINANCIAL PLANNER ™ EXAM **2006**
10 Hour Challenge Exam, Georgia State University, Atlanta, GA

THE AMERICAN COLLEGE, Bryn Mawr, PA *(Life Insurance)*
CHARTERED LIFE UNDERWRITER CURRICULUM, **2001-2006**

THE AMERICAN COLLEGE, Bryn Mawr, PA *(Financial Planning)*
CHARTERED FINANCIAL CONSULTANT CURRICULUM, **1984-1996**

COLLEGE FOR FINANCIAL PLANNING, Denver, Co,
Institute of Tax Studies *(Masters of Science)*
ACCREDITED TAX ADVISOR CURRICULUM, **1993-1995**

THE AMERICAN COLLEGE, Bryn Mawr, PA
LIFE UNDERWRITER TRAINING COUNCIL CURRICULUM, **1977-1988**

Professional Designations: **

CERTIFED KINGDOM ADVISOR® (ID 10597) **(CKA®)**
Awarded 2011
Kingdom Advisors,
Atlanta, GA

ACCREDITED ESTATE PLANNER ®, (Certificate # 2023) **(AEP®)**
Awarded 2008
The National Association of Estate Planners & Councils,
Cleveland, OH

CHARTERED LIFE UNDERWRITER ® (ID 1190199) **(CLU®)**
Awarded 2006
The American College,
Bryn Mawr, PA

CERTIFIED FINANCIAL PLANNER ™ PRACTITIONER (ID 115915) **(CFP®)**
Awarded 2006
The Certified Financial Planner Board of Standards, Inc.
Washington, DC

CHARTERED FINANCIAL CONSULTANT ® (ID 1190199) **(ChFC®)**
Awarded 1996
The American College,
Bryn Mawr, PA

ACCREDITED TAX ADVISOR ® (ID 2616034) (ATA®)
Awarded 1995
The Accreditation Council for Accountancy & Taxation,
Alexandria, VA

***Richard Lee Cox, Sr has earned certifications and credentials that are required to be explained in further detail please refer to the explanations for each designation listed at the end of this document.*

License and Registrations

Richard Lee Cox, Sr. is licensed to sell securities and holds the following securities licenses:
CRD # 1403565

Series 65 (Uniform Investment Adviser Law)	***1996***
Series 24 (General Securities Principal)	***1988***
Series 7 (General Securities Representative)	***1987***
Series 63 (Uniform Securities Agent State law)	***1985***
Series 6 (Investment Representative)	***1985***

You can verify these licenses online at http://www.finra.org/brokercheck

Richard Lee Cox, Sr. is licensed to sell insurance and holds the following insurance licenses:

Tennessee Department of Commerce and Insurance
Licensed Insurance Agent, Life, Health and Variable Contracts **1976**
TN License # 0026387

You can verify licenses online at https://sbs-tn.naic.org/Lion-Web/jsp/sbsreports/AgentLookup.jsp

Professional Experience

Cox Wealth Management, LLC, Chattanooga, TN,
Chief Managing Member, 1998 to Present

Cox Financial Centers, Inc. Chattanooga, TN,
President/CEO, 1984 to Present (*Formerly Cox & Associates*)

Legacy Trust Administration Services, Inc. Chattanooga, TN,
CEO, 1993 to Present

American Portfolios Advisors, Inc, Holbrook, NY
Compliance Supervisor, 2015 to Present

American Portfolios Financial Services, Holbrook, NY
Registered* Principal/ Branch manager, 2010 to Present

FSC Securities Corporation, Atlanta, GA,
Registered* Principal/ Branch manager, 1992 to 2010

FSC Agency, Inc., Atlanta, GA,
Insurance Broker, 1992 to 2010

Advisor Planning Corporation, Chattanooga, TN,
President/ CEO, 2001 to Present

Cox Mortgage Advisors, Inc. Chattanooga, TN,
President/CEO, 1999 to 2002

FSC Advisory Corporation, Atlanta, GA,
Legal Agent/Principal/Associated Representative, 1992 to 1998

SunAmerica Securities, Phoenix, AZ,
Registered* Principal/ Branch Manager, 1989 to 1992

Southmark Financial Services, Dallas, TX
Registered* Principal/ Branch Manager, *purchased by SunAmerica in 1989, 1986-1989*

American United Life, ***Indianapolis, IN***,
Agent / Broker, 1995 to Present

The Columbus Mutual Life, ***Columbus, OH***,
General Agent/ Broker, 1989 to Present

The Guardian Life, ***New York, NY***,
Agent/ Unit Supervisor/ Broker, 1986 to Present

Principal Mutual, ***Des Moines, IA***,
Agent/ Unit Supervisor/ Broker, 1984 to Present

Bankers Life Equity Sales Company (BLISCO), Des Moines, IA,
Registered* Representative, 1985-1986

American General Life (formerly ***Life & Casualty Insurance Company of Tennessee, Nashville, TN***) Agent/ Unit Supervisor, 1976 to 1984

* *Registered does not imply a certain level of skill or training*

Affiliated Associations & Experience

American Portfolios Financial Services, Inc — **2010**
AP Advisor Council Member — *(2011-2014)*

Kingdom Advisors, Inc. — **2006**
Atlanta, GA

The Estate Planning Council of Chattanooga, Chattanooga, TN — **2003**
Board Member — *(2009-2014)*

International Association of Qualified Financial Planners — **2002**
Beverly Hills, CA
Board Member — *(2002-2004)*
Membership Chair — *(2002-2004)*
Awarded Life Membership for Service — *(2004)*

Financial Planning Association — **2002**
Washington, DC

National Society of Accountants — **1992**
Alexandria, VA

FSC Securities Corporation **1992**
Atlanta, GA
Advisory Board Member *(1995-2001)*

Society of Financial Service Professionals **1991**
Bryn Mawr, PA
Chattanooga Chapter Board Member *(2003-2007)*
Chattanooga Chapter Professional Development Chair *(2004-2005)*
Chattanooga Chapter President *(2005-2006)*

International Association for Financial Planning **1987**
Atlanta, GA (Merged into Financial Planning Association)

Item 3: Disciplinary Information

Richard Lee Cox, Sr is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of each investment person providing advice to you. *Richard Lee Cox, Sr. has no information required to be disclosed under this Item.*

Item 4: Other Business Activities

In addition to his activities at American Portfolios Advisors, Inc., Richard Lee Cox, Sr. is a Registered* Principal of American Portfolios Financial Services, Inc. ("APFS") through which he manages and supervises an OSJ Branch Office, with affiliate offices located in Chicago, IL, Adamstown, MD, Roswell, GA and Daphne, AL. APFS is a registered broker-dealer with the Financial Industry National Regulatory Authority (FINRA), the Securities and Exchange Commission (SEC) and various states, and a member of the Securities Investor Protection Corporation (SIPC). In this capacity, Mr. Cox spends approximately 30% of an average work week.

Mr. Richard Lee Cox, Sr is also Chief Managing Member of Cox Wealth Management, LLC a Tax and Accounting practice where he renders tax, accounting and preparation services.

Mr. Richard Lee Cox, Sr. is also a Compliance Supervisor and Investment Adviser Representative of American Portfolios Advisors, Inc. a US Securities and Exchange (SEC) Registered Investment Adviser where he supervises Investment Adviser Representatives of APA located in Roswell, GA and Daphne, AL. In this capacity, Mr. Cox spends approximately 50% of an average work week. American Portfolios Advisors, Inc. and Cox Wealth Management, LLC are unaffiliated companies.

Mr. Richard Lee Cox, Sr. is also the President/CEO of Cox Financial Centers, Inc. an Independent Insurance Brokerage agency which brokers Insurance products. Approximately 5% of an average work week is allotted by Mr. Richard L. Cox, Sr. to this activity.

Mr. Richard Lee Cox, Sr. is also the CEO of Legacy Trust Administration Services, Inc. a trust administration company that renders accounting and tax preparation services for trusts, estates, partnerships and businesses. Approximately 5% of an average work week is allotted by Mr. Richard L. Cox, Sr. to this activity.

Mr. Richard Lee Cox, Sr. is also the President/CEO of Advisor Planning Corporation, a marketing and service company, which provides consulting and support services to other outside Financial Advisors. Approximately 5% of an average work week is allotted by Mr. Richard L. Cox, Sr. to this activity.

Mr. Richard Lee Cox Sr and Margaret Renee' Cox are joint owners of the Commercial Office located at 6031 Shallowford Rd, Ste 109 Chattanooga, TN 37421 from which they receive rental income.

Mr. Richard Lee Cox, Sr. is also a facilitator and trainer for Crown Financial Ministries a biblically based financial accountability course taught through various churches and non-profit organizations, he receives no income from this activity which is conducted at nights and on weekends.

Mr. Richard Lee Cox, Sr is also the President of Southeast Chevelles a local car club for Chevrolet Chevelles he devotes about 10 hours per month, after market hours.

Mr. Richard Lee Cox, Sr. is also the facilitator of the Kingdom Advisors Professional Organization which is dedicated to training other financial professionals in biblical stewardship principals when working with their clients. He hosts the monthly meeting before market hours and spends about 4 hours per month on this activity.

Mr. Richard Lee Cox, Sr is also facilitator of the Christian Executives Organization (CEO) Group under Silverdale Baptist Church, which ministers to Christian CEO's and Business owners by helping to integrate their faith into their business. He hosts the monthly meeting before market hours and spends about 4 hours per month on this activity.

To the extent that Mr. Cox recommends the purchase of securities, insurance or other products, where he may receive commissions, a conflict of interest exists because Mr. Cox receives sales compensation, however as a firm we endeavor to place the best interest of the clients and their needs first.

For example, as part of American Portfolios Advisors, Inc. fiduciary duty to clients, Mr. Cox will endeavor that his recommendations will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client. Additionally, material conflicts presented by these practices are disclosed to clients at the time of entering into any new advisory, brokerage or consultative arrangement.

Accordingly, some accounts are designated as "commission accounts" where Mr. Cox receives only commissions as compensation for his services, or as an "advisory account" where fees are based on a percentage of assets under management, *with no commissions charged*. Both are not allowed in the same account. Insurance commissions however are never credited due to the laws against rebating. However there is no requirement that any insurance products be purchased from Richard Lee Cox, Sr. or his affiliated companies.

Note that some clients may have 2 or more separate accounts that may be charged using different methods; therefore, in order to mitigate the conflicts of interest, Mr. Cox only gets compensated from one method or the other, in any particular account, but not both.

Service fees (sometimes called 12b-1 fees or marketing fees) may be paid by mutual funds or other companies to Richard Lee Cox, Sr in his capacity as a Registered Representative.

* *Registered does not imply a certain level of skill or training*

Item 5 Fees and Compensation

A. Description of Compensation

Richard Lee Cox, Sr bases his fees on a percentage of assets under management, hourly charges, and fixed fees (not including subscription fees) as more fully explained below.

Some *Retainer Agreements* may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

Financial plans are priced according to the degree of complexity associated with the client's situation and calculated as a Percentage of Net worth.

Fees are negotiable with the combining of multiple accounts or the purchase of additional services.

Types of Agreements

The following agreements define the typical client relationships.

Financial Planning Agreement

A financial plan is designed to help the client with specific aspects of financial planning, which does not include investment advisory services unless elected under an agreement after the financial plan is completed or provided under the Pinnacle Advisory agreement described in this document.

The financial plan may include, but is not limited to: reviewing client short and long term goals and producing a current net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and risk management with recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding and planning recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

The fee for a financial plan is estimated upon the facts known at the start of the engagement. The ***minimum fee is $2,500.00*** and increases for those clients with a total Net Worth above $2,500,000.00 by calculating 1/10th of a percent of the total. *For example a $5,000,000 (5 Million Dollar Net worth) times 1/10th of a percent would be $5,000.00 (five thousand dollars).*

Total Net Worth is defined as the total assets over which the client has a beneficial interest in *(including trusts, estates, and foreign accounts)* less outstanding liabilities or obligations. This fee is negotiable with the purchase of other services. Discounts are routinely given to members of Clergy in recognition of their service to the community.

Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments and may require additional advice which is billed outside the scope of the financial plan. In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed, if a fee increase becomes necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month.

Follow-on implementation and review work is billed separately, according to the *Hourly Planning Engagement* schedule or under the complete services agreement as offered through the *Pinnacle Advisory Service* or the virtual financial plan as described in this document.

Continuing Virtual Financial Plan - This service is $500.00 per year billed quarterly ($125.00 per quarter) in addition to any hourly or portfolio fees you may pay for consultation or review.

Client elects to purchase the web-based service whereby CWM will regularly update the financial plan on a quarterly basis. Asset information is updated with information provided by the Client's custodians through an electronic link to our third party service provider. Thereafter our service provider will pull the information from the Client's preauthorized accounts and post the information to the virtual financial plan. *(For Manual entry assets which are not automatically updated, an additional hourly fee would be incurred for research and data entry.)*

Pension Consulting Agreement

Richard Lee Cox, Sr. provides pension consulting for business clients seeking design, construction, custodian selection, investment selection, ERISA qualification and ongoing supervision of their pension plans.

We may charge both hourly, retainer and/or ongoing management fees depending on the plan and the services requested by the client. Compensation is negotiated with the client in writing and disclosed per DOL and ERISA guidelines in a written client agreement prior to implementation.

APA will work with plan sponsors in the development and design of both ERISA and Non-ERISA qualified plans offering advice on design, construction, assets selection and ongoing reviews on a negotiated basis either hourly, negotiated fixed fee or assets fee (or combination) depending on the client needs.

In no event will APA allow a charge for individual participant investment advice at the same time they are acting as the advisor to the plan, per DOL regulations.

Employee Plan Review Agreement

Richard Lee Cox, Sr. also provides independent investment advice to individual plan participants of Employer sponsored qualified plans, whose employer has not signed an advisory agreement with us, for a flat fee of $125.00 per review or $400.00 per year if paid in advance, as part of our normal planning services. These reviews include the analysis of participant plan investment options and developing recommendations from available investment choices according to the individual participant risk tolerance.

Clients are encouraged to have quarterly reviews and updates to monitor the account progress, but American Portfolios Advisors, Inc. does not offer continuous supervision due to lack of access to employee participant account information.

Pinnacle Advisory Service Agreement

Clients can choose to have American Portfolios Advisors, Inc. manage their financial affairs by using the *Pinnacle Advisory / Advisors Choice Services Agreement* in order to obtain ongoing advice and life planning. The Client engages the Adviser to monitor specified aspects of the client's financial affairs according to their request, including those of their dependent children. Realistic and measurable goals are developed and objectives to reach those goals are defined. The reviews of the defined goals and objectives are established and made available per client request, recommended changes are made and implemented upon client approval.

The Pinnacle Advisory Services includes: cash flow review; insurance review; investment and portfolio management (including performance reporting) ; education planning; retirement planning; estate planning; and tax planning advice, as well as including any Advisory fees for implementation of the recommendations within each area, it is understood that the Pinnacle Advisory Services agreement will supersede and include any hourly agreements or other advisory fees for the same services that would otherwise be chargeable.

The annual *Pinnacle Advisory Service Agreement* fee is based on a percentage of the investable assets according to the following current schedule:

CURRENT FEE SCHEDULE

Account Value	Annualized Fee %*
$50,000 - $99,999	2.68
$100,000 - $249,999	2.43
$250,000 - $499,999	2.20
$500,000 - $749,999	2.10
$750,000 - $1,249,999	1.80
$1,250,000 - $1,999,999	1.65
$2,000,000 - $4,999,999	1.55
$5,000,000 - $9,999,999	1.25
$ 10,000,000 – UP	Negotiable

The minimum annual fee for the Pinnacle Advisory Account is $2,500.00 which is negotiable with the purchase of additional services or the combining of additional accounts under unified management. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Although the *Pinnacle Advisory Service Agreement* is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion.

Eagle Asset Management Agreement

The CWM *Eagle Asset* / Advisors Choice agreement may be executed as a standalone agreement when Asset Management only services are desired as part of the relationship. Any additional advisory services will be billed under a separate agreement hourly or fixed schedule. The annual fee for the CWM *Eagle Asset Management Account* is based on the following fee schedule:

CURRENT FEE SCHEDULE

Account Value	Annualized Fee %
$ 5,000 - $49,999	1.75
$50,000 - $99,999	1.45
$100,000 - $249,999	1.40
$250,000 - $499,999	1.35
$500,000 - $749,999	1.15
$750,000 - $1,249,999	1.00
$1,250,000 - $1,999,999	0.92
$2,000,000 - $4,999,999	0.82
$5,000,000 - $9,999,999	0.75
$ 10,000,000 – UP	Negotiable

The minimum annual fee is negotiable with the purchase of additional services or combining of accounts. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

The client or the investment manager may terminate any advisory agreement by written notice to the other party. At termination, advisory fees will be billed on a pro rata basis for the portion of the month completed. The client will be refunded the balance of any fee owed within 14 days. The *adjusted balance* of the portfolio value billed monthly in advance and is used as the basis for the fee computation for asset management accounts, as adjusted by the number of billing days remaining in the month of termination.

Third Party Money Managers

When certain investment management services are desired to be added to a client's portfolio, which American Portfolios Advisors, Inc. does not provide, they will then seek out non-affiliated third party Investment Managers.

APA will conduct a due diligence process including a review of the outside firm's Form ADV, references, length of time in industry, performance, and management history. Once engaged they continue monitoring the manager and the ongoing portfolio performance against the client's stated goals and objectives.

The fee for this service is billed under the same schedule as the *Eagle Asset Management Account* fee schedule as described previously. Some Third Party Managers may deduct their fee from the assets they manage and also share part of it with American Portfolios Advisors, Inc. APA will offset client fees by the amount received from the Third Party Money Managers. In no event will the fee paid to APA exceed the amount normally received under a signed client advisory agreement.

The Third Party Manager will also have additional fees and expenses as compensation for their labor and expense. The Third Party Manager will disclose their fees in their Firm Brochure.

Hourly Planning Engagements

APA provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is according to the hourly fee schedule as follows:

Administrative (Record Keeping, Filing, Typing, Correspondence)	$ 75.00 Hour
Para-Planner (Planning Associates, Staff Reports, & Research)	$ 125.00 Hour
Professional (Asset Allocation, Investment Advice, Financial Planning)	$ 255.00 Hour

Hourly fees are billable each month as incurred, plus any additional out of pocket expenses for postage, long distance phone calls, overnight charges, duplication expenses or any other direct expenses. APA makes an estimate for any hourly engagements that will take more than 3 hours and a deposit of 50% of the total estimated hourly fee shall be made at the beginning of any engagement.

Retainer Agreement

In some circumstances, a *Retainer Agreement* is executed in lieu of a *Fee Agreement* when it is more appropriate to work on a fixed-fee basis. The annual fee for a Retainer Agreement is negotiable based upon the estimated work and services desired by the client and is re-negotiated on an annual basis. If the contract is not re-negotiated then the agreement continues at the previously agreed rate until the agreement is either canceled or re-negotiated. The retainer is calculated on an annual basis but billed in equal quarterly installments.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying APA in writing and paying the prorated rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, American Portfolios Advisors, Inc. will refund any unearned portion of the advance payment.

B. Fee Billing

Investment management fees are billed monthly, in *advance*, meaning that the client account is debited at the beginning of each month *based upon the values provided by the custodian holding the assets using the "adjusted balance" method*. Fees are usually deducted from a designated client account as a convenience for clients. The client must consent in advance to direct debiting of their advisory account. The custodian will debit the fees payable with a detailed notice to the client on the custodian's statement.

Clients should be aware that option contracts are a "wasting" asset, in that they have value only through the date on which they expire. If call option contracts are sold in conjunction with securities held in a client account, (often referred to as "covered call options") the cash received on the sale of the option may have the effect of temporarily increasing the net equity value of the client account, and thus increasing the amount of the client advisory fee.

With respect to client accounts that utilize margin, the "net worth" or "net equity" value of the account, not the long or short market value, is used to determine the client advisory fee. No portion of the fee is based upon a share of capital gains upon, or capital appreciation of the funds under our management.

Hourly Fees and Retainer Fees are billed by invoice directly to the client on either a monthly or quarterly basis as agreed in the signed agreement. Payment in full is expected upon invoice presentation.

Fees for financial plans are billed 50% in advance, with the balance due upon completion of the financial plan.

Rate Changes

Rates and schedules are subject to change as necessary. American Portfolios Advisors, Inc. will notify the client of any new rates in writing. The effective date of the rate increase will be 30 days after notification. The client is supplied with a new rate schedule to be attached to their existing agreement within the 30 day notification period.

Services provided by APA might be obtained elsewhere at either a higher or lower cost.

C. Other Fees

Custodians may charge transaction fees, or basis points on portfolios to cover the cost of purchases or sales of certain mutual funds and exchange-traded funds, or stocks and bonds held in clients account as incurred at time of the transaction, additionally margin interest and loan advance fees are charged if elected by the client. Typically the selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

D. Advance Payment of Fees

Investment management fees are billed monthly, in *advance*, meaning that the client is invoiced at the beginning of each month, *as calculated by the qualified custodian holding the assets, using the "adjusted balance" method*. Upon termination the client will be refunded the fee paid to American Portfolios Advisors, Inc. prorata, less the remaining billable days in the month.

APA, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, purchase of multiple services, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Item 6: Additional Compensation

As a member and investment adviser representative of American Portfolios Advisors, Inc. Mr. Cox may be entitled to an end of year discretionary bonus, incentive stock or soft dollar credits on overall firm profitability. He may also be entitled to expense reimbursement for duties performed on behalf of the firm. As mentioned in Item 4, above, Mr. Cox may also receive commissions for the sale of certain investment and insurance products to clients if purchased through him in his capacity as either a Registered Representative or Insurance Agent. Additionally, as a Compliance Supervisor of American Portfolios Advisors, Inc. he is also compensated for his services by APA. He may also receive additional compensation for his services as the CEO of Legacy Trust and/or Advisor Planning Corporation or Cox Wealth Management, LLC per his employment agreements.

Item 7: Supervision

Richard Lee Cox, Sr. trading practices are overseen by American Portfolios Financial Services, Inc and their Supervising Principal, Jeffery Kahn or his designated alternate per FINRA/SEC regulations. Mr. Kahn can be reached by calling 1-800-889-3914 ext. 254.

Item 8: Portfolio Construction and Analysis

A. Methods of Analysis

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

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Richard Lee Cox, Sr. may use include Morningstar Research information, Dorsey Wright Momentum Research, ChartLab Pro and the World Wide Web.

Investing involves the risk of loss which clients should be prepared to bear, including the loss of principal. No investment strategy can protect a portfolio from all risks so clients should understand and be willing to accept the associated risks with investing.

Risk of Loss

All investment programs have certain risks that are borne by the investor. American Portfolios Advisors, Inc. investment approach keeps the risk of loss in mind. Additionally 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 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.
- *Political Risk*: Laws governing any country are subject to change and as such can create financial stress when abruptly changed. This can affect a single industry or the broader economy causing unexpected results, sometimes known as "unintended consequences".
- *Derivative Risk*: When the value of an asset is based upon other underlying assets such as

commodities or options contracts. The derivative can leverage the value of the asset by multiples resulting in increased volatility in either an up or down market.

- *Risk of Loss*: Investing carries with it the risk of loss, including the loss of invested principal. Understanding this risk can help investors decide how much of their money they are comfortable in placing in any given asset.

Tactical Asset Management

The primary investment strategy used on client accounts is a tactical asset allocation strategy utilizing Relative Strength Studies. This means that Richard Lee Cox, Sr may use individual stocks, closed end mutual funds, and exchange-traded funds as the core investments, and then track the strength of the individual assets against their peer group and the broader sectors in which they are classified, either on a discretionary or non-discretionary basis as noted in the client agreement.

Richard Lee Cox, Sr may also employ a trailing stop to sell a position if it falls below their adjusted limits. He may also employ the use of ETN's electronic traded notes which base their value on underlying derivatives such as options or commodity contracts.

Portfolios are globally diversified to attempt to control the risk associated in traditional markets, however due to trading securities based on their relative strength it may also require trading securities more frequently during times of excessive market volatility. This can result in increasing trading costs and taxes *(in a taxable account)* both of which can result in reduced overall portfolio performance.

Other strategies affecting all type of Investment accounts may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (limited to covered options,).

Strategic Asset Management

Richard Lee Cox, Sr will also provide strategic asset allocations for those clients wishing a traditional mutual fund allocation. This means they use mutual funds screened by their objective for each portion of the allocation model and then evaluated for the 1, 3, & 5, year performance. He further screens for manager experience, time at the firm, size of the fund and star rating by Morningstar. The allocation model once defined according to the client risk tolerance is then further adjusted for both the relative strength and the current economic outlook as determined by the advisor, ongoing supervision and management can be on either a discretionary or non-discretionary basis as noted in the client agreement.

Variable Annuity Asset Management

American Portfolios Advisors through its Investment Adviser Representative Richard Lee Cox, Sr also provides discretionary management for variable annuity contract clients subject to the restrictions and limitations imposed on the contracts by the issuing insurance companies. He uses a rebalancing and investment selection process similar to the strategic asset management as described above.

Variable contracts have investment options know as sub-accounts which carry separate management fees in addition to the policy fees assessed by the insurance company for mortality and expense charges and any insurance riders which may be purchased. These fees are established by the issuing insurance company and investment managers of the sub-accounts. Any commissions paid to American Portfolios Financial Services, Inc. affiliated advisors will offset a like amount to any advisory agreement with American Portfolios Advisors, Inc. as long as the variable contract is part of a signed fee based advisory services agreement, and the fee is being paid.

The investment strategy for a specific client is based upon the objectives as stated by the client during consultations. The client may change these objectives at any time. The client must execute a Limited Power of Attorney for Variable Contracts allowing discretionary trading of the contract.

Upon termination of the LPOA the investment accounts remain as last allocated and the owner must instruct the Insurance Company or their agent directly if they desire any changes to be made. Once accepted by APA, this LPOA continues in effect until verbal or written notification of termination is received from the contract owner or the issuing insurance company. The electronic transaction privilege given to APA may be cancelled by the contract owner at any time by notifying the Insurance Company directly.

B. Types of Securities

Assets are invested primarily in stocks, closed end funds, no-load or load mutual funds sold at Net Asset Value (*without a commission*) and exchange-traded funds, usually through discount brokers or fund companies. American Portfolios Advisors, Inc. may also use third party money managers to manage all or a portion of client assets if the need arises. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus.

Third-Party Money Managers charge a fee as disclosed in their respective Firm Brochure. Discount brokerages may additionally charge transaction fees and service fees for the purchase, sale or administration of investments.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a commission for stock and bond trades. American Portfolios Advisors, Inc. does not receive commission compensation directly from fund or brokerage companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, unit investment trusts, real estate investment trusts and mutual funds shares), U. S. government securities, options contracts, futures contracts, derivatives, and interests in partnerships.

Initial public offerings (IPOs) are not available through American Portfolios Advisors, Inc.

**Additional Information Required for Designations

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;

- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and

- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct.* The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Consumers can check a Certificant's status online at http://www.cfp.net/search/

The CHARTERED FINANCIAL CONSULTANT®, ChFC® is a professional designation granted in the United States by The American College, Bryn Mawr, Pennsylvania ("The American College") chartered in 1927 and receiving its accreditation as an educational institution of higher learning by the Middle States Commission on Higher Education in 1978.

The ChFC® designation is a voluntary designation; no federal or state law or regulation requires financial planning professionals to hold a ChFC® designation. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) code of conduct and standards of practice; and (3) ethical requirements. Currently, more than 41,000 individuals have obtained the ChFC® designation in the United States.

To attain the right to use the ChFC® designation, an individual must satisfactorily fulfill the following requirements:

Education – The ChFC® curriculum is more extensive than that of any other financial planning credential, requiring seven core courses and two electives for a total of nine. Topics include the financial planning process and environment, insurance planning, taxation, estate planning, investments, macroeconomics, estate planning applications, and financial planning process. Professionals who have earned their CHARTERED FINANCIAL CONSULTANT®, ChFC® need only complete three additional courses to earn the CHARTERED LIFE UNDERWRITER®, CLU® designation also offered through The American College.

- Examination – Each program represents over 400 hours of study time and requires nine separate closed-book, proctored exams. The majority of course textbooks in the program are written by The

American College faculty. These same texts are preferred by other leading colleges and universities across the country;

- Experience – Each designee must meet a professional requirement of three years of relevant full-time experience within the past five years prior to the designations being awarded (2,000 hours representing the equivalent of one year full-time experience); and

- Ethics – Every designee must adhere to a robust ethical code that requires professionals to, in light of all conditions surrounding those clients they serve, which they shall make every conscientious effort to ascertain and understand, render that service which, in the same circumstances, the advisor would render to themselves.

- Individuals who matriculated with the college after June 30, 1989 are subject to the PACE Recertification Program and must complete the following ongoing education requirements in order to maintain the right to continue to use the ChFC® designation:

- Continuing Education – Complete 30 hours of continuing education hours every two years, maintain competence and keep up with developments in the financial planning field; and

Consumers can report ethical violations of any ChFC® professional by emailing registrar@theamericancollege.edu The College Registrar, in conjunction with the Certification Committee of the Board, addresses all complaints in a timely and professional fashion and takes the appropriate disciplinary action, up to removal of the designation.

The CHARTERED LIFE UNDERWRITER®, CLU® is a professional designation granted in the United States by The American College, Bryn Mawr, Pennsylvania ("The American College") chartered in 1927 and receiving its accreditation as an educational institution of higher learning by the Middle States Commission on Higher Education in 1978.

The CLU® designation is a voluntary designation; no federal or state law or regulation requires Insurance Professionals to hold a CLU® designation. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) professional code of conduct; and (3) ethical requirements. Currently, more than 117,000 individuals have obtained the CLU® designation in the United States.

To attain the right to use the CLU® designation, an individual must satisfactorily fulfill the following requirements:

- Education – The CLU® curriculum is more extensive than that of any other Life Insurance credential, requiring five core courses and three electives for a total of eight. Topics include the fundamentals of insurance planning, individual life insurance, life insurance law, fundamentals of estate planning, planning for business owners and professionals, retirement and estate planning applications, and financial planning process and environment. Professionals who have earned their CHARTERED FINANCIAL CONSULTANT®, ChFC® also offered through The American College need only complete three additional courses to earn the CLU® designation.

- Examination – Each program represents over 400 hours of study time and requires eight separate closed-book, proctored exams. The majority of course textbooks in the program are written by The American College faculty. These same texts are preferred by other leading colleges and universities across the country;

- Experience – Each designee must meet a professional requirement of three years of relevant full-time experience within the past five years prior to the designations being awarded (2,000 hours representing the equivalent of one year full-time experience); and
- Ethics – Every designee must adhere to a robust ethical code that requires professionals to, in light of all conditions surrounding those clients they serve, which they shall make every conscientious effort to ascertain and understand, render that service which, in the same circumstances, the advisor would render to themselves.
- Individuals who matriculated with the college after June 30, 1989 are subject to the PACE Recertification Program and must complete the following ongoing education requirements in order to maintain the right to continue to use the CLU® designation:
- Continuing Education – Complete 30 hours of continuing education hours every two years, maintain competence and keep up with developments in the financial planning field; and

Consumers can report ethical violations of any CLU® professional by emailing registrar@theamericancollege.edu The College Registrar, in conjunction with the Certification Committee of the Board, addresses all complaints in a timely and professional fashion and takes the appropriate disciplinary action, up to removal of the designation.

The CERTIFIED KINGDOM ADVISOR®, CKA is a professional designation granted in the United States by Kingdom Advisors, Inc., Atlanta, GA. In June of 2002, Ron Blue, at the urging of Larry Burkett, spoke to the annual gathering of Christian Financial Planning Institute and challenged them to think about expanding their membership so as to be able to minister to all the Christian financial professionals around the country. Following that challenge, the Board of Directors of CFPI, in April of 2003, asked Ron to take over the leadership of the organization on a full-time basis. A strategic plan was developed and Ron became the full-time President of the organization on July 1, 2003. Subsequently, four additional staff members were hired during the fall and winter of 2003. CFPI reorganized as of July 1, 2003 and changed its name to Christian Financial Professionals Network (CFPN). There were 16 CFPI members who are recognized as the Founding Members of Kingdom Advisors. Following three years of incredible growth and many lessons learned, the organization was re-positioned and re-branded as Kingdom Advisors in February 2007.

To attain the right to use the CKA® designation, an individual must satisfactorily fulfill the following requirements:

A Certified Kingdom Advisor® is a disciple of Christ who has committed to be a person of character who, from a biblical worldview, serves clients with biblical financial advice in order to properly steward the resources entrusted to them.

More and more Christians are discovering that the worldview of their financial advisor is of critical importance. Only a Christian financial advisor equipped to confidently deliver God's timeless truths can offer advice and counsel consistent with the values and priorities of a believer.

Kingdom Advisors has created the Certified Kingdom Advisor® designation to provide confidence to those looking for financial counsel from a biblical perspective. Additionally, Kingdom Advisors has developed a nationwide, searchable database to assure the general public that an advisor indeed has met the criteria required of a Certified Kingdom Advisor®.

The Certified Kingdom Advisor® designation is given to advisors who:

- Complete the Kingdom Advisors' Core Training
- Assert their belief in Jesus Christ

- Provide evidence of their technical competence
- Provide evidence of their personal integrity
- Commit to personal stewardship
- Commit to incorporating biblical wisdom into their financial advice

Consumers can verify a Professional's status or file a complaint online at: http://www.kingdomadvisors.com

The ACCREDITED ESTATE PLANNER®, AEP®® is a professional designation granted in the United States by The National Association of Estate Planners & Councils; Cleveland, OH ("NAEPC®") which was incorporated in 1963 as a non-profit business league and is a national organization of professional estate planners and affiliated Estate Planning Councils. The AEP®® designation is awarded to recognized estate planning professionals who meet special requirements of education, experience, knowledge, professional reputation, and character.
To attain the right to use the AEP®® designation, an individual must satisfactorily fulfill the following requirements:

- Credential Requirement – To be eligible to be considered for the AEP®® designation, the applicant must provide documentation of being licensed to practice law as an Attorney (JD) or to practice as a Certified Public Accountant (CPA), or of being currently designated as a Chartered Life Underwriter® (CLU®), Chartered Financial Consultant® (ChFC®), Certified Financial Planner (CFP®), or Certified Trust & Financial Advisor (CTFA), in any jurisdiction of the United States of America.

- Professional discipline engaged in estate planning – The applicant must be presently and significantly engaged in "estate planning activities" as an attorney, an accountant, an insurance professional and financial planner, or a trust officer.

- Experience – A minimum of five (5) years of experience engaged in estate planning and estate planning activities is required in one or more of the professional disciplines described above.

- Education – NAEPC® has designated The American College, Bryn Mawr, Pennsylvania, ("The American College"), as the primary provider of the education courses required for the AEP®® designation. Applicants for the AEP®® designation must successfully complete two graduate courses through the Richard D. Irwin Graduate School of The American College.

- Alternative Equivalent Education Provided Through Other Colleges and Universities – As an alternative to successfully completing two graduate level courses through The American College, applicants may complete the graduate educational course requirements through other colleges, universities and schools of law, provided the educational courses through such institutions, meet the same academic accreditation for graduate courses through a school of business and are of similar content and subject matter as those offered through The American College.

- 15 Years' Experience Exemption – AEP®® applicants who have at least fifteen (15) years of experience engaged in estate planning and/or estate planning activities in one or more of the professional disciplines described above are not required to take the educational course work and are exempt from the education requirements described in this section.

- Membership requirement – AEP®® applicants are required to be members of, and continuously maintain membership in, an affiliated local or regional estate planning council where such membership is available or At-Large individual membership in the National Association of Estate Planners & Councils.

- Professional reputation and character requirement– An applicant must continuously be in good standing with the applicant's respective professional organization and/or license authority (e.g., State Bar Association for attorneys, etc.) and applicant must provide the names and addresses of three estate planning professionals as references who will attest to their estate planning experience.
- Commitment to NAEP®C Code of Ethics requirement – The applicant must sign a declaration statement to continuously abide by the NAEP®C Code of Ethics.
- Dedicated to team concept requirement – The applicant must acknowledge a commitment to the team concept of estate planning by signing a declaration statement.
- Continuing education requirement – The applicant must satisfy a minimum of thirty (30) hours of continuing education during the previous two calendar years, of which at least fifteen (15) hours MUST have been in estate planning. Applicants may be requested to produce documentation to substantiate any activity claimed by random audit.

Consumers can check a Professional's status online at http://www.nAEP®c.org/search_planning.web.

The ACCREDITED TAX ADVISOR®, ATA® is a professional designation granted in the United States by The Accreditation Council for Accountancy and Taxation® Alexandria, VA ("ACAT") established in 1973 as a non-profit independent testing, accrediting and monitoring organization. ATA® credential holders have demonstrated the ability to handle sophisticated tax planning issues, including planning for owners of closely held businesses, planning for the highly compensated, choosing qualified retirement plans and performing estate tax planning.
To attain the right to use the ATA® designation, an individual must satisfactorily fulfill the following requirements:

- Experience – A minimum of five (5) years of experience in tax preparation, compliance, tax planning and consulting, of which 40% must be in tax planning and consulting. A tax-season (January through April) is considered one year.
- Education – The Accredited Tax Advisor Preparatory Course, written by experts in the field, comprehensively covers taxes and tax planning for businesses, corporations and partnerships, estates and trusts, consulting and ethics. *The ATA Preparatory Course will also provide participants with the tax knowledge necessary to easily pass the IRS minimum competency exam for the level of tax returns they prepare.*
- Commitment to ACAT Code of Ethics requirement – The applicant must sign a declaration statement to continuously abide by the ACAT Code of Ethics. The Code is a written commentary on the ideals of high professional standards the Accreditation Council expects of every credentialed individual and is among the highest standards of practice in the financial and taxation profession. Compliance with this standard of professional integrity is required of all those with accreditation.
- Continuing education requirement – The applicant must satisfy a minimum of ninety (90) hours of continuing professional education during each three year cycle or 30 hours per year, Of the total 90 hours of CPE, there must be at least 86 hours in taxation or related subjects (such as accounting, finance, technology, or business law) or subjects that relate to designee's particular area of practice or employment; plus 4 hours in ethics.

Consumers can check a Professional's status online at http://www.acatcredentials.org/