

Item 14. Client Referrals and Other Compensation

We are required to disclose certain compensation our employees may receive in connection with generating new business for LSIA. In addition to normal salary and annual discretionary bonus, LSIA Wealth portfolio managers are eligible to receive quarterly bonus compensation. This additional compensation is based on the amount of net new LSIA assets under management that were added during the trailing four quarters and attributable to the portfolio manager's relationships. Further, we primarily compensate our Director, Business Development-Wealth by paying him a percentage of the fees LSIA earns on assets in client accounts he has sourced.

In many cases, regular or bonus compensation of this type gives rise to an inherent conflict of interest because potential recipients have a financial incentive to recommend or sell one product or service over another. In this case, however, we believe the conflict of interest is minimal, since the incentive is tied to becoming an LSIA client and/or increasing assets managed by us, and not investment in any particular type of security or investment product. Further, in order to ensure that any recommendation to transfer assets from a retirement account into an IRA account to be managed by LSIA is in the client's best interest, LSIA Wealth portfolio managers are required to summarize in writing their recommendation analysis.

We are further required to disclose any arrangements pursuant to which LSIA directly or indirectly compensates any third party for client referrals. LSIA does not currently have any such arrangements.