



# ***FARLEY FINANCIAL***

**Q1 Advisors, Inc. DBA**

## **FARLEY FINANCIAL**

3045 Heron Ridge Drive, Virginia Beach, VA 23456

[www.MikeFarleyFinancial.com](http://www.MikeFarleyFinancial.com)

## **2021 Disclosure Brochure**

Cover Page (Item 1)

March 24, 2021

**Michael Farley**

President, Chief Compliance Officer

Mike@MikeFarleyFinancial.com

757-620-2643 or 443-978-0829

**Paul Puckett**

Investment Advisor Representative

Paul@MikeFarleyFinancial.com

757-403-0707 or 941-275-4556

## **Item 2: Material Changes**

This page discusses only the material changes since the firm's most recent update, dated September 1, 2020.

**Fees & Compensation (Item 5):** Farley Financial clients pay advisory fees based on the value of assets managed. Households with less than \$50,000 in managed assets pay a maximum annual advisory fee of 2.00%. Households with assets in excess of \$50,000 pay a maximum annual advisory fee of 1.50%. All advisory fees are negotiable.

This Disclosure Brochure provides information about the business practices of Q1 Advisors, Inc. DBA Farley Financial (herein referred to as Farley Financial). **Information in this Disclosure Brochure has not been approved by the Securities and Exchange Commission or by any state securities authority.**

Farley Financial is a Registered Investment Advisor firm. **Registration as an Investment Advisor does not imply any level of skill or training.** Additional information about Farley Financial is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). If you have any questions about the contents of this Disclosure Brochure, please contact Michael Farley at 443-978-0829 or 757-620-2643 or [Mike@MikeFarleyFinancial.com](mailto:Mike@MikeFarleyFinancial.com)

|   |    |
|---|----|
| Item 1: Cover Page: Cover.  |    |
| Item 2: Summary of Material Changes.....                                  | 1  |
| Item 3. Table of Contents.....  | 2  |
| Item 4. Advisory Business.....  | 3  |
| Item 5. Fees and Compensation.....  | 4  |
| Item 6. Performance-Based Fees & Side-By-Side Management.....             | 5  |
| Item 7. Types of Clients.....   | 5  |
| Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss..... | 5  |
| Item 9. Disciplinary Information.....                                     | 6  |
| Item 10. Other Financial Industry Activities and Affiliations.....        | 6  |
| Item 11. Code of Ethics.....  | 7  |
| Item 12. Brokerage Practices.....   | 7  |
| Item 13. Review of Accounts.....  | 8  |
| Item 14. Client Referrals and Other Compensation.....                     | 8  |
| Item 15. Custody.....   | 8  |
| Item 16. Investment Discretion.....                                       | 8  |
| Item 17. Voting Client Securities.....                                    | 8  |
| Item 18. Financial Information.....                                       | 9  |
| Item 19. Requirements for State-Registered Advisors.....                  | 9  |
| ADV Part 2B “Brochure Supplement” for Michael Farley.....                 | 10 |
| ADV Part 2B “Brochure Supplement” for Paul Puckett.....                   | 13 |

#### **Item 4: Advisory Business**

**Introduction:** Farley Financial is an independent investment advisory firm registered under the state securities laws of the Commonwealth of Virginia. The firm was formed and began serving clients in 2007. As of March 24, 2021 the firm served 110 clients and managed \$40,000,000 in client assets. The firm is an S-Corporation incorporated in Virginia and is currently registered to conduct business in Virginia, North Carolina, Maryland, Delaware, and Florida. The firm is owned and managed by Michael Farley.

**Investment Management Services:** Farley Financial specializes in investment management for individuals, families, trusts, guardianships, foundations, and endowments.

**Custody:** Farley Financial does not take custody of your assets. Your assets are always held in your name by a third party brokerage firm. Please see page 6 of this Disclosure Brochure for additional information on our custody arrangements.

**Management Process:** We use a disciplined, four step process to manage our clients' investments. We **Organize, Formalize, Implement, and Monitor.**

**Step 1: Organize.** Our relationship with you begins by listening to your goals and gathering your financial information. The information we gather includes your investment objectives, personal feelings about risk and loss, your tax situation, cash flow needs, and your current investment statements. You can expect:

- A discussion of your objectives, investment time frame, and personal feelings about risk and loss.
- An analysis of your current investments including a review of historical performance and expenses.
- A discussion of your cash flow and liquidity needs.
- A discussion about asset allocation and the relationship between risk and reward.

**Step 2: Formalize.** We believe the two most important factors affecting long-term investment performance are asset allocation and your ability to remain invested in the markets. We develop a long-term investment strategy based on your goals and objectives. You can expect:

- A recommended asset allocation tailored to your personal objectives and tolerance for risk and loss.
- A recommendation of specific investments.

**Step 3: Implement.** The process of implementation is our first action step.

- We will prepare documents to open your TD Ameritrade investment account.
- We will prepare your Farley Financial 'Investment Advisory Agreement.'
- We will prepare forms to transfer your existing investments to your TD Ameritrade account.
- We will build your investment portfolio based on our recommendations in the 'Formalize' step.

**Step 4: Monitor.** The process of monitoring and supervising your investment accounts is a joint endeavor.

*Your Farley Financial Advisors will:*

- Monitor the performance of your individual investments and overall account.
- Notify you when your account needs to be rebalanced.
- Meet with you at least annually, by phone or in person, to review your account.

*We ask that our clients:*

- Review TD Ameritrade account statements and Farley Financial's quarterly investment review statements.
- Keep us informed should your financial situation or investment objectives change in any way.
- Monitor your investment advisory fees to verify accuracy.

### **Item 5: Fees & Compensation**

Farley Financial clients pay advisory fees based on the value of assets managed. Households with less than \$50,000 in managed assets pay a maximum annual advisory fee of 2.00%. Households with assets in excess of \$50,000 pay a maximum annual advisory fee of 1.50%. All advisory fees are negotiable.

Advisory fees are taken quarterly, in advance, directly from your TD Ameritrade account. Management fees are debited in January, April, July, and October. Accounts opened mid-quarter will be billed off-cycle on a pro-rata basis or have the mid-quarter pro-rata fee added to the first full quarterly advisory fee. Management fees are clearly identified on your TD Ameritrade account statement. You'll also receive billing statements from Farley Financial as fees are debited throughout the year. Clients should carefully review their TD Ameritrade account statements and compare them to the quarterly invoices received from Farley Financial.

Should you terminate your relationship with Farley Financial mid-quarter, any fees collected for that quarter will be refunded on a pro-rata basis based on the day of termination. Clients may terminate their relationship with Farley Financial by phone, email, in writing, or simply by transferring their accounts to another firm. Upon

notification of termination by any of these means, client accounts will automatically receive a pro-rata refund. Departing clients do not need to separately request a refund.

Farley Financial representatives may also receive compensation in the form of commissions from the sale of insurance products. These commissions represent an inherent conflict of interest where your advisor could be incentivized to recommend an insurance product based on the compensation received, rather than on your needs. Should you purchase an insurance product through a representative of Farley Financial, you will be informed in writing of the commissions earned prior to the sale of the insurance product. Clients always have the option to purchase investment and insurance products recommended by Farley Financial through other brokers or agents that are not affiliated with Farley Financial.

### **Item 6: Performance-Based Fees/Side-By-Side Management**

Farley Financial does not charge performance-based fees and does not charge side-by-side management fees. (Regulations require investment advisors to address these types of fees in their Disclosure Brochures even if these fees are not charged.)

Performance-based fees are fees charged based on the growth of an account. They may be in addition to, or separate from, ongoing management fees. Farley Financial does not charge performance-based fees.

Side-By-Side Management fees may occur when an investment firm uses proprietary investments within a managed account. A side-by-side fee refers to the combination of advisory fees and internal management fees assessed by the same investment firm. Farley Financial does not manage proprietary funds and does not charge side-by-side management fees.

### **Item 7: Types of Clients**

Farley Financial provides investment account management for individuals, families, trusts, guardianships, foundations, and endowments.

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

**Methods of Analysis:** Farley Financial uses professional investment software to analyze our clients' portfolios. We currently use 'Advyzon' as our primary source of investment detail and analysis. Farley Financial predominately recommends exchange traded funds (ETFs) and mutual funds. When selecting these investments, we focus on the length of management history, internal expense ratio, volatility relative to a peer group, and performance relative to a peer group.

**Investment Strategies:** Farley Financial believes asset allocation is the primary driver of investment returns. The process of asset allocation involves blending

different investment types and asset classes in such a way as to theoretically maximize a client's potential return within a given level of risk. Asset allocation is a long-term strategy and we believe in rebalancing as the markets fluctuate in order to maintain a client's target allocation. Farley Financial relies on the principles of asset allocation, diversification, and modern portfolio theory to construct and manage investment accounts. The firm tailors its investment advice to each client's unique investment needs and constraints. The firm rejects market timing and does not alter its investment advice based on fluctuations in the markets.

**Risk of Loss:** Investing in securities involves risk of loss. Farley Financial aims to reduce risk where possible, but investment risk can never be eliminated.

### **Item 9: Disciplinary Information**

Registered investment advisor firms are required to disclose all material facts regarding any legal or disciplinary events. Farley Financial does not have any legal or disciplinary events of any kind.

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

Farley Financial does not provide services other than those described in this Disclosure Brochure. The firm has no other financial industry activities or affiliations.

**Mike Farley** is the President of Farley Financial. Mike is also a licensed, independent, life insurance agent. Mike spends less than ten hours per week providing insurance services. Mike's activities as an insurance agent are not provided through Farley Financial, but he may have insurance clients who are also clients of Farley Financial.

The receipt of commissions for selling insurance products gives the selling agent an incentive to recommend products based on the commission received rather than on the client's needs. Clients should carefully consider the costs and benefits associated with any recommendation that generates a commission to the selling agent. Clients are free at all times to purchase investment and insurance products through advisors and agents that are not affiliated with Farley Financial.

**Paul Puckett** is an investment advisor representative of Farley Financial. Paul serves exclusively as an independent contractor consultant for a limited number of client accounts. Paul does not have access to enter trades, debit advisory fees, or distribute funds from any client accounts. Paul does not directly offer investment advice to any clients and does not solicit new business on behalf of Farley Financial. Paul is also a licensed, independent, life insurance agent. Paul spends less than ten hours per week providing insurance services. Paul's activities as an insurance agent are not provided through Farley Financial, but he may have insurance clients who are also clients of Farley Financial.

The receipt of commissions for selling insurance products gives the selling agent an incentive to recommend products based on the commission received rather than on the client's needs. Clients should carefully consider the costs and benefits associated with any recommendation that generates a commission to the selling agent. Clients are free at all times to purchase investment and insurance products through advisors and agents that are not affiliated with Farley Financial.

### **Item 11: Code of Ethics**

Farley Financial representatives will:

- Act with integrity & in an ethical manner when dealing with clients and the public.
- Have a duty at all times to place client interests first.
- Maintain the confidentiality of clients' personal, non-public information.
- NOT knowingly participate in or assist any violation of laws, rules, or regulations.

Farley Financial investment advisor representatives do not have any material financial interest of any kind in any of the securities bought and sold by or for the firm's investment advisory clients. Farley Financial representatives may invest in the same securities they recommend to clients of the firm. When buying or selling the same securities recommended to clients, the firm's investment advisor representatives will enter all client orders before their own. Automatic investment plans are exempt from this procedure.

### **Item 12: Brokerage Practices**

Farley Financial specifically recommends the brokerage and custodial services of TD Ameritrade Institutional. In recommending TD Ameritrade as the custodian for client assets, Farley Financial considered a variety of factors that impact both the firm and its clients. A number of custodians assess 'quarterly platform fees' from their advisory firm partners. TD Ameritrade does not charge those fees and that represents a substantial benefit to Farley Financial. Some custodians only allow advisory firms of a certain asset level to participate in their platforms. TD Ameritrade has one of the lower asset minimums for advisory firms in the industry, thereby allowing a smaller firm like Farley Financial to participate in its advisory platform.

Farley Financial receives a variety of other, non-monetary benefits from its relationship with TD Ameritrade. These benefits are very similar to those that would be provided by other major account custodians and benefit all clients equally. While Farley Financial does not rely on research provided by TD Ameritrade, the commissions generated by client transactions do provide the firm with a variety of back-office support that the firm would otherwise have to pay for. These benefits do represent a potential conflict of interest that could induce Farley Financial to steer clients away from other custodians that do not offer the same benefits to the firm. TD Ameritrade's mutual fund, stock, and exchange-traded fund commission rates and fees are comparable to other major custodians. TD Ameritrade also offers a substantial number of transaction-free mutual and exchange-traded funds.



Farley Financial does not aggregate orders or use the 'block trading' capability offered by TD Ameritrade Institutional. Clients pay the same brokerage commissions regardless of whether block trading is used or not. A number of clients make regularly scheduled monthly purchases. All such monthly orders are entered into a 'trade blotter' and submitted at the same time as not to favor any one client over another with more favorable execution.

### **Item 13: Review of Accounts**

Farley Financial reviews all accounts quarterly to ensure the overall asset allocation and individual investments remain consistent with each client's investment objective. Mike Farley is solely responsible for reviewing client accounts.

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

Farley Financial does not currently provide cash payments to, or receive cash payments from, any source in exchange for client referrals. Referral-sharing relationships often arise between investment advisors, accountants, attorneys, and other professionals. If Farley Financial shares or receives revenue, we will fully disclose the arrangement in writing in advance to any affected clients.

### **Item 15: Custody**

Farley Financial does not take custody of client assets. Farley Financial clients must elect a qualified custodian to hold and maintain their investment assets. With the exception of performance and analytical reports produced through Morningstar and other vendors, Farley Financial does not produce account statements, transaction confirmations, or tax documents. These statements are provided directly by the client's custodian.

### **Item 16: Investment Discretion**

Farley Financial offers discretionary and non-discretionary investment management. Non-discretionary clients must provide prior written, electronic, or oral approval of all trades in their accounts.

### **Item 17: Voting Client Securities**

When clients open an account with TD Ameritrade, they will be given the option to vote on all proxies themselves or to delegate that responsibility to Farley Financial. Clients who choose to vote their own proxies will receive all proxy information by mail or e-mail and will be responsible for casting their own votes. Clients who delegate proxy voting to Farley Financial will not receive any proxy information. Even when proxy voting is delegated to Farley Financial, the firm will not cast any proxy votes. Clients may contact Farley Financial by phone, email, or in writing at any time to change their proxy voting

preferences. Clients are welcome to request proxy voting material from any one or more particular securities held in their accounts by contacting Farley Financial by phone, email, or in writing. Clients may also elect to vote proxies for any one or more particular securities by similarly contact Farley Financial. Farley Financial will remind clients of their proxy voting preferences annually and invite clients to amend these preferences if they so choose.

### **Item 18: Financial Information**

Registered Investment Advisors are required to disclose their financial information if clients prepay fees more than six months in advance. Farley Financial is exempt from this disclosure as the firm does not require clients to prepay fees six months in advance of services.

### **Item 19: Requirements for State-Registered Advisors**

State-Registered Investment Advisors are required to provide biographical information on owners and investment advisory representatives. These biographies are included on the following four pages.

## ADV Part 2B: “Brochure Supplement” for Michael Farley

### Item 1: Cover Page

This brochure supplement provides information about **Michael Farley** that supplements the Farley Financial brochure. You should have received a copy of that brochure. Please contact Michael Farley if you did not receive the Farley Financial brochure or if you have any questions about the contents of this supplement.

Additional information about Michael Farley is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Michael Farley**  
**Investment Advisor Representative**  
**& Chief Compliance Officer**  
3045 Heron Ridge Dr  
Virginia Beach, VA 23456  
757-620-2643 or 443-978-0829  
Mike@MikeFarleyFinancial.com

## **Item 2: Educational Background and Business Experience**

**Year of birth:** 1975

**Formal Education:** Bachelor of Arts in Political Science and French from the University of North Carolina at Chapel Hill

**Business Background:**

2007 – Present: Investment Advisor Representative with Farley Financial.

2005 – 2007: Financial Advisor with AG Edwards & Sons

2001 – 2005: Financial Advisor with Morgan Stanley

## **Item 3: Disciplinary Information**

There is **no disciplinary information to report**. Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Specifically, Michael Farley has **NOT** been involved in any of the following:

- A) A criminal or civil action in a domestic, foreign, or military court.
- B) An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- C) A Self-Regulatory Organization (SRO) proceeding.
- D) Any other hearing or formal adjudication in which a professional attainment, designation, or license was revoked or suspended because of a violation of rules relating to professional conduct.

## **Item 4: Other Business Activities**

Mike is an independent insurance agent. In addition to his compensation from Farley Financial, Mike may receive compensation from insurance companies for sales of life insurance, disability insurance, long-term care insurance, fixed annuities, and equity-indexed annuities. The receipt of commissions for selling insurance products gives the selling agent an incentive to recommend products based on the commission received rather than on the client's needs. Clients should carefully consider the costs and benefits associated with any recommendation that generates a commission to the selling agent. Clients are free at all times to purchase investment and insurance products through advisors and agents that are not affiliated with Farley Financial.

#### **Item 5: Additional Compensation**

Registered investment advisors are required to disclose all material information regarding any additional compensation paid to or received by supervised persons other than direct compensation from the registered investment advisor. Mike receives no such compensation.

#### **Item 6: Supervision**

Mike serves as the Chief Compliance Officer of Farley Financial. He is self-supervised within the guidelines established by the Virginia State Corporation Commission, Securities Division. Mike's telephone number is 757-620-2643 (VA) or 443-978-0829 (MD).

#### **Item 7: Requirements for State-Registered Advisors**

State-Registered Investment Advisors are required to respond to an additional set of disciplinary questions. Again, there is **no disciplinary information to report**. Specifically, Michael Farley has **NOT** been involved in any of the following:

- A) An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500.
- B) An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding.
- C) Bankruptcy.

## **ADV Part 2B: “Brochure Supplement” for Paul Puckett**

### **Item 1: Cover Page**

This brochure supplement provides information about **Paul Puckett** that supplements the Farley Financial brochure. You should have received a copy of that brochure. Please contact Michael Farley if you did not receive the Farley Financial brochure or if you have any questions about the contents of this supplement.

Additional information about Paul Puckett is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Paul Puckett**  
**Investment Advisor Representative**  
7120 Grand Estuary Trail, #103  
Bradenton, FL 34212  
757-403-0707 or 941-275-4556  
Paul@MikeFarleyFinancial.com

## **Item 2: Educational Background and Business Experience**

**Year of birth:** 1961

### **Formal Education:**

Bachelor of Music in Voice Performance from Florida Southern College  
Master of Music Education from Florida State University

### **Business Background**

2010 – Present: Investment Advisor Representative with Farley Financial  
2001 – Present: Independent Life Insurance Agent  
2005 – 2010: Principal and Founder of Beacon Wealth Advisors, LLC  
2001 – 2005: Registered Representative of Jefferson Pilot Securities  
1997 – 2001: Vice President, Private Client Advisor, SunTrust Bank  
1994 – 1997: Assistant Vice President and Trust Officer, Signet Bank  
1989 – 1994: Management Associate, Private Banker, Trust Officer, NationsBank  
1988 – 1989: Life Insurance Agent and Registered Representative, MassMutual

## **Item 3: Disciplinary Information**

There is **no disciplinary information to report**. Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Specifically, Paul Puckett has **NOT** been involved in any of the following:

A) A criminal or civil action in a domestic, foreign, or military court.

- B) An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- C) A Self-Regulatory Organization (SRO) proceeding.
- D) Any other hearing or formal adjudication in which a professional attainment, designation, or license was revoked or suspended because of a violation of rules relating to professional conduct.

#### **Item 4: Other Business Activities**

Paul is an independent insurance agent. In addition to his compensation from Farley Financial, Paul may receive compensation from insurance companies for sales of life insurance, disability insurance, long-term care insurance, fixed annuities, and equity-indexed annuities. The receipt of commissions for selling insurance products gives the selling agent an incentive to recommend products based on the commission received rather than on the client's needs. Clients should carefully consider the costs and benefits associated with any recommendation that generates a commission to the selling agent. Clients are free at all times to purchase investment and insurance products through advisors and agents that are not affiliated with Farley Financial.

Paul is also the author of **Investiphobia: Overcome Your Deepest Investment Fears**. He may receive compensation as an author and this compensation is not shared directly, or indirectly, with Farley Financial.

#### **Item 5: Additional Compensation**

Registered investment advisors are required to disclose all material information regarding any additional compensation paid to or received by supervised persons other than direct compensation from the registered investment advisor. Paul receives no such compensation.

#### **Item 6: Supervision**

Paul's activities as an Investment Advisor Representative are supervised by Michael Farley, Chief Compliance Officer of Farley Financial. Paul's telephone number is 757-403-0707.

#### **Item 7: Requirements for State-Registered Advisors**

State-Registered Investment Advisors are required to respond to an additional set of disciplinary questions. Again, there is **no disciplinary information to report**. Specifically, Paul Puckett has **NOT** been involved in any of the following:

- A) An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500.
- B) An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding.
- C) Bankruptcy.