

**GARDEN STATE SECURITIES, INC.**  
**GARDEN STATE INVESTMENT ADVISORY SERVICES, LLC**  
**IMPORTANT INFORMATION AND DISCLOSURES**

**CLIENT RELATIONSHIP SUMMARY**

Garden State Securities, Inc. (GSS) and Garden State Investment Advisory Services, LLC (GSIAS) are separate companies but are affiliated through common ownership. When you open an account or receive a recommendation to invest at either firm, you will receive a “Client Relationship Summary” which will explain the differences between the two firms. You will also be informed as to the type of services and advice you can expect to receive, the fees that you will pay, how the firm(s) make money and the conflicts of interest that exist, how your investment professional makes money, and whether the firm or your representative has a legal or disciplinary history. You are encouraged to read this document carefully and ask any questions that you may have.

**PRIVACY STATEMENT**

The confidentiality of client information is an important concern of GSS and GSIAS. We take precautions to safeguard personal client information at all times and we will remain vigilant in protecting that information. The provisions of this privacy notice will apply to former clients as well as current clients.

GSS and GSIAS collects personal information about you that is necessary to provide financial products or services. We may obtain this information from the following sources:

- Information we receive from you on account applications, forms and other materials that you provide to us, whether in writing, in person, by telephone or by any other means. This information may include your name, address, telephone number, social security number, occupation, assets and income.
- Information about your transactions with us or a non-affiliated third party such as account balances, payment history and account activity.
- Information we receive from a consumer-reporting agency, such as your credit bureau reports and other information relating to your credit worthiness.

GSS and GSIAS will only disclose certain information about you, as permitted by law, under the following circumstances:

- Where we believe, in good faith, that disclosure is required under law to co-operate with regulators or law enforcement authorities.
- To consumer reporting agencies.
- To our service providers to help us process your application or service your accounts. These service providers, in turn are required to protect the confidentiality and security of any information we give to them and may not reuse it for any other purpose.

GSS and GSIAS restricts access of your personal accounts(s) and information to those employees who require access to that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with the industry standards to safeguard your nonpublic personal information. Third parties who have access to such personal information must agree to follow appropriate standards of security and confidentiality.

We trust that this clarifies GSS and GSIAS’ position on client confidentiality and look forward to being of service to you in the future.

**SHARING OF INFORMATION**

*A. Within our Family of Affiliated Companies*

We share customer information we obtain about present and former customers within our family of affiliated companies. This family is the group of companies related by common control or ownership. Such sharing within this family is a normal part of conducting our business and offering financial products/services to customers.

*B. With Unrelated Companies*

In order to provide customers with the services requested and with other valuable financial products and services, we also share customer information with companies not within our family of companies, such as: 1) our clearing firms, which hold your funds and securities; 2) the various product providers and sponsors such as mutual fund, insurance, registered investment advisors and alternative product sponsors; 3) unaffiliated service providers such as data processing and compliance systems administrators, and printing operations; 4) governmental agencies, law enforcement officials and regulatory bodies; and 5) other organizations with your consent (e.g., managed account performance reporting).

While we reserve the right to share any of the information we collect, the amount and type of information we share depends in part on the products or services to be provided and on our relationships with these unrelated companies. Unrelated companies receiving customer information from us have entered or will enter into agreements with us to protect the information they receive from us before we release any of your information.

These agreements also limit the use of the information to providing the services we request. Unless an agreement to protect customer information is in place, we do not share customer information with other companies, except as permitted by law.

## **CUSTOMER IDENTIFICATION PROGRAM NOTICE**

### **Important Information You Need to Know About Opening a New Account**

To help the government fight the funding of terrorism and money laundering activities, federal law requires financial institutions to obtain, verify, and record information that identifies each person who opens an account. This Notice answers some questions about the GSS Customer Identification Program.

### **What types of information will I need to provide?**

When you open an account, GSS and GSIAS is required to collect information such as the following from you:

- Your name
- Date of birth
- Address
- An identification number
  - US Citizen: taxpayer identification number (social security number or employer identification number)
  - Non-U.S. Citizen: taxpayer identification number, passport number, and country of issuance, alien identification card number, or government-issued identification showing nationality, residence, and a photograph of yourself.
- Photo ID, such as an unexpired driver's license or passport.

A corporation, partnership, trust or other legal entity may need to provide other information, such as its beneficial owners, principal place of business, local office, employer identification number, certified articles of incorporation, government-issued business license, a partnership agreement, or a trust agreement.

U.S. Department of the Treasury, Securities and Exchange Commission and FINRA rules already require you to provide most of this information. These rules also may require you to provide additional information, such as your net worth, annual income, occupation, employment information, investment experience and objectives, and risk tolerance.

### **What happens if I don't provide the information requested or my identity can't be verified?**

GSS and GSIAS may not be able to open an account or carry out transactions for you. If GSS/GSIAS has already opened an account for you, it may have to be closed.

We thank you for your patience and hope that you will support the financial industry's efforts to deny terrorists and money launderers access to America's financial system.

**SETTLEMENT:** All securities sold and payment for all securities bought must be delivered by the settlement date (typically 2 business days) indicated on the confirmation issued for each trade. Similarly, the proceeds of any sale will be credited to your account or remitted by check on the settlement date per your instructions.

- Delivery: When mailing checks or certificates – please remember to attach a copy of your confirmation and write your account number on the upper right hand corner of the check and/or certificate.
- Please ensure all checks are made payable to the appropriate party. Do not make checks payable to your Account Executive. Contact your Account Executive or our Operations Department for additional information.
- **For Garden State Securities clients, mail all checks to our main office or to Axos Clearing LLC ("Axos") as follows:**
  - Garden State Securities Inc.
  - 328 Newman Springs Road
  - Red Bank, NJ 07701

### **Mail all physical certificates directly to Axos as follows:**

Axos Clearing LLC  
1200 Landmark Center, Suite 800  
Omaha, Nebraska 68102

- **For Garden State Investment Advisory Services, LLC clients, mail all checks to our main office or to the custodian of your account, Axos or TD Ameritrade (“TD”), as follows:**

Garden State Securities Inc.  
328 Newman Springs Road  
Red Bank, NJ 07701

**Mail all physical certificates directly to Axos or TD as follows:**

Axos Clearing LLC  
1200 Landmark Center, Suite 800  
Omaha, Nebraska 68102

TD Ameritrade Institutional  
PO Box 650567  
Dallas, TX 75265

**GOOD ‘TIL CANCELLED (GTC) BUY, SELL STOP, SELL STOP LIMIT ORDERS:** All GTC (also known as an “Open Order”) orders remain in effect until canceled or executed.

**ORDER EXECUTION (SEC RULE 606):** The venues to which individual orders are sent for execution are available upon request. There is a quarterly report with this information available on the firm’s website, [www.gardenstatesecurities.com](http://www.gardenstatesecurities.com). This information for the previous 6 months will also be provided upon written request.

**CLEARING FIRM FUNCTIONS:** We would like you to understand the different functions performed by our firm and those of our clearing agent and custodian, Axos Clearing LLC (“Axos”). Axos is a member of the NYSE ARCA, Chicago Stock Exchange (CHX), OCC, Euroclear, and has execution capabilities on all principal exchanges. Axos Clearing LLC is a subsidiary of Axos Financial, Inc.

Our firm has a contractual agreement with Axos to serve as our clearing firm. This fully disclosed agreement states the responsibilities of each party. Prior to the agreement becoming effective, Axos is responsible for seeking approval of the clearing arrangement as required by NYSE Rule 382. Each client of our firm is notified of the relationship via a disclosure letter by us during the account opening process. The disclosure letter details the responsibilities that our firm (the introducing broker-dealer) and Axos (the clearing firm) have to the client. Although client assets are held by Axos and Axos Financial, Inc., they have no responsibility for the financial condition or performance of our firm or our Financial Consultants.

For clients of GSIAS, in addition to Axos, accounts may also be custodied at TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (“TD”). TD is a member of FINRA/SIPC and is SEC registered. Our firm also has a contractual agreement with TD to serve as a clearing firm and custodian for GSIAS clients who choose that relationship.

In general, we at GSS provide front-office services and the clearing firm performs back-office or operation type functions. Our front-office services include such matters as the opening and approval of accounts, the acceptance and transmittal of orders by GSS and GSIAS, and personnel for execution on the various markets according to instruction, etc. Additionally, it is our exclusive function to supervise all personnel directly or indirectly involved with your securities transactions and all your business handled by our personnel in light of applicable rules and regulations, which govern the securities industry.

**CASH SWEEP PROGRAM:** Un-invested cash held in certain accounts at Axos may be invested in a cash sweep account (“Program”) at the client’s direction in the new account paperwork. This Program permits cash balances such as those derived from the sale of securities, dividend payments, and cash deposits, to be automatically swept into the cash sweep account. Axos receives revenue from this Program and shares the revenue with GSS. GSS does not share this revenue with its Financial Consultants or its affiliate GSIAS or GSIAS Investment Advisory Representatives. There is also a cash sweep account available for accounts that are custodied at TD. However, there is no revenue sharing arrangement between TD and GSS and/or GSIAS.

**PAYMENT FOR ORDER FLOW DISCLOSURE:** Garden State Securities does not receive payment for order flow.

**INVESTMENT OBJECTIVES DEFINITIONS**

Below please find a general description of ‘Investment Objective Definitions’ related to the Investment Objective(s) you choose on the “Account Application”:

- *Income* – Preservation of capital with a primary consideration on current income
- *Balanced* – A balance between capital appreciation and current income with the primary consideration being current income

- *Growth & Income* – A balance between capital appreciation and current income with the primary consideration being capital appreciation
- *Growth* – Capital appreciation through quality equity investment and little or no income
- *Maximum Growth* – Maximum capital appreciation with higher risk and little to no income
- *Speculation* – Maximum total return potential, involving a higher degree of risk through investment in a broad spectrum of securities

### **MARGIN DISCLOSURE STATEMENT**

Garden State Securities is furnishing this information to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement we have provided you. Please consult your investment executive or the firm management regarding any question or concerns you may have with your margin account(s).

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities purchased are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities in your account, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- **You can lose more funds than you deposit in the margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in your account.
- **The firm can force the sale of securities in your account.** If the equity in your account falls below the maintenance margin requirement under the law, or the firm's higher "house" requirements, the firm can sell the securities in your account to cover the margin deficiency. You will also be responsible for any shortfall in the account after such a sale.
- **The firm can sell your securities without contacting you.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.
- **You are not entitled to choose which security in your margin account is liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.
- **The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account.
- **You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

### **OPTIONS ON MARGIN REQUIREMENTS**

Minimum-equity is \$50,000. Depending on your positions, the minimum equity requirement may even be higher. Further, there is a minimum liquid net worth requirement. Please check with your account executive for details.

### **TRADING HALTS / CIRCUIT-BREAKERS**

Significant problems may arise when market-wide "circuit-breakers" halt trading on exchanges. Broker-dealers and their customers are confronted with trading halts, thereby obviating trading for a period of time. When "circuit-breakers" halt trading, we make every effort to post a timely notice on our website. The SEC provided the following guidelines concerning order handling:

1. During market-wide trading halts resulting from the triggering of circuit-breakers, customer orders should be handled in the same manner as they would have been handled during other regulatory trading halts concerning only individual stocks.
2. During market-wide trading halts of durations that will allow trading to resume on that same trading day, pending and new customer orders should be forwarded to the appropriate market for execution upon the resumption of trading. This should be done unless the member receives contrary instructions from the customer during the halt.
3. During market-wide trading halts with durations that will close the market for the remainder of the trading day, pending and new customer orders should be treated as follows:

Absent customer instructions to the contrary, orders that are pending at the time of the halt, and new orders received after the halt has commenced, should be treated as “Good Til Cancelled” orders and be held by the member for execution at the reopening of the next trading session. “At-the-Close” orders (including “Market-at-Close” orders) pending at the time trading is halted should be treated as cancelled orders. Members should not accept, or forward to a market, any new orders related to closing prices received during a trading halt.

### **TRADING / VOLATILITY / RISKS**

Recent events show that the way some stocks are traded is changing dramatically, and the change in trading methods may affect price volatility and cause increased trading volume. The price volatility and increased volume present new hazards to investors, regardless of whether trading occurs on-line or otherwise. Please be advised that market orders in highly volatile stocks may be subject to wide price variation and late reporting. Given this enormous volatility, the buy or sale execution price may vary widely from the quote reflected to you at the time of your order. You may wish to consider placing limit orders during these periods to help protect you against these fast and unpredictable variations in price. Quotes given on these issues are “subject quotes” and may not accurately reflect the current price as the market is changing so violently. If you do not fully understand the current market in any of these securities you are urged to call your broker for clarification. Further please note that if you have a margin account, these volatile stocks currently require 50% maintenance. Please check often with your account executive or our Operations department to determine if there are any changes to the margin requirement for any issues in your account.

### **RISKLESS PRINCIPAL TRANSACTIONS V. AGENCY TRANSACTIONS**

Securities broker-dealers performing transactions for a retail customer base perform their purchase and sale activities on either an agency or riskless principal basis. While the two types of transactions possess a series of different characteristics, the differences are minor nuances which result in the customer paying for the trade either in the form a commission or a mark-up/mark-down. For this reason, it may be most appropriate to define these two types of transactions on that basis alone, however, in the interest of full disclosure the following addresses the nuances between the two types of trades so that each investor can make a fully informed decision as to how they choose to engage in securities transactions.

#### **Riskless Principal Transactions**

A riskless principal transaction is a transaction in which a broker/dealer, after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell. Since the broker/dealer is acting in a principal capacity (i.e. acting on its own behalf) no commission is charged for the transaction. Once the security is purchased by the principal it is immediately delivered to the customer. The customer takes delivery of the security subject to either a mark-up or mark-down of the securities price which serves as the compensation to the broker/dealer (registered representative) for having completed the transaction.

A mark-up is the difference between the price charged to a customer for the purchase of a security by a broker/dealer acting as a principal and the security’s prevailing market price. Conversely, a mark-down is the difference between the price paid to a customer for the sale of a security by a broker/dealer, again acting as a principal, and the prevailing market price of the security.

Fee Structure – The trade confirmation indicates the amount of money the share price was increased (decreased) by and the total per share price the customer paid (received). By multiplying that figure by the total number of shares traded, the customer can calculate the total amount paid for the transaction.

#### **Agency Transactions**

An agency transaction is one in which the securities broker/dealer executes its customer’s buy or sell order strictly on behalf of the customer. The broker/dealer takes no position in the security at any time, rather it place the customer order in the open market, sees to its proper execution and delivers the security (proceeds) to its customer. A commission is charged to the customer which is the fee a broker/dealer charges for acting as an agent in ensuring execution of a customer’s buy or sell order.

Fee Structure – The trade confirmation will indicate the total amount of the fee paid by the customer for the execution of the trade and that figure is termed a commission.

### **EXCESS SECURITIES INVESTOR PROTECTION CORP INSURANCE COVERAGE**

Garden State Securities is a member of SIPC, which protects securities of customers of its members up to \$500,000 (including \$100,000 for claims of cash). Both SIPC and the additional coverage provides protection in the event of a member firm failure and do not insure against market decline.



Axos has purchased an additional policy from Lloyds of London, which provides an additional \$99.5 million per client of coverage for securities above that provided by SIPC. This includes protection for up to \$1.15 million for cash balances with an aggregate limit of \$100 million. Neither SIPC protection, nor the protection in excess of that provided by SIPC, covers a decline in the value of a customer's assets due to market loss. SIPC's explanatory brochure is available upon request at (202) 371-8300 or at [www.sipc.org](http://www.sipc.org).

TD Ameritrade is a member of the Securities Investor Protection Corporation ("SIPC"), which protects securities customers of its members up to \$500,000 (including \$250,000 for claims for cash). Explanatory brochure is available on request at [www.sipc.org](http://www.sipc.org). Additionally, TD Ameritrade provides each client \$149.5 million worth of protection for securities and \$2 million of protection for cash through supplemental coverage provided by London insurers. In the event of a brokerage insolvency, a client may receive amounts due from the trustee in bankruptcy and then SIPC. Supplemental coverage is paid out after the trustee and SIPC payouts and under such coverage each client is limited to a combined return of \$152 million from a trustee, SIPC, and London insurers. The TD Ameritrade supplemental coverage has an aggregate limit of \$500 million over all customers. This policy provides coverage following brokerage insolvency and does not protect against loss in market value of the securities.

#### **EMAIL DISCLOSURE**

GSS and GSIAS archives and reviews all outgoing and incoming e-mails. They may be produced at the request of regulators or in connection with civil litigation.

#### **ACCESSING YOUR ACCOUNT ONLINE**

We strongly urge you to request access to your account online. Go to [www.gardenstatesecurities.com](http://www.gardenstatesecurities.com) for GSS customers or for GSIAS customers held at TD, visit [www.tdameritrade.com](http://www.tdameritrade.com). Contact your financial representative for additional information.

#### **BUSINESS CONTINUITY PLAN**

GSS/GSIAS has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** – If after a significant business disruption you cannot contact us as you usually do at 732-280-6886, you should call our alternative number at 732-544-8024 or go to our web site at [www.gardenstatesecurities.com](http://www.gardenstatesecurities.com). If you cannot access us through either of those means, you should contact our clearing firm, Axos Clearing LLC, at 402-384-6100, for instructions on how it may provide access to funds and securities, enter orders and process other trade related, cash, and security transfer transactions for our customers. For GSIAS clients whose accounts are custodied at TD, you can contact them at 800-431-3500.

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and most importantly allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business. Our clearing firm backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firm that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments. Your orders and requests for funds and securities could be delayed during this period.

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business as soon as possible. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business as soon as possible. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and notify you through our web site or our customer emergency number, how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities. If you have any questions about our business continuity planning, you can contact us at 732-280-6886.

### **MUTUAL FUNDS BREAKPOINT DISCOUNTS**

Before investing in mutual funds, it is important that you understand the sales charges, expenses, and management fees that you will be charged, as well as the breakpoint discounts to which you may be entitled. Understanding these charges and breakpoint discounts will assist you in identifying the best investment for your particular needs and may help you reduce the costs of your investment. You should contact your financial consultant to obtain a free Disclosure Statement. You may also visit the FINRA website [www.finra.org](http://www.finra.org) for additional information.

### **INVESTMENT BANKING RELATIONSHIP**

Garden State Securities may have entered, or have previously entered, into an investment banking/advisory relationship with a company in which you invested, and may have been compensated for these services in cash and/or stock. While the full disclosure of any such relationship would have been provided to you at the time of purchase, please contact your account executive for any additional information.

### **FEES AND CHARGES**

You understand that GSS and GSIAS may charge and collect commissions and other fees for executions, and other services to you, and you agree to pay such commissions and fees at the prevailing rates. You understand further that the following annual service fees apply to all accounts:

- Annual account fee: \$100.00 / \$40.00 for IRA accounts
- Account closing fee: Non-IRA via ACAT - \$125.00 / IRAs - \$125.00

Fees and charges are subject to change, and may vary by branch office. Please consult with your financial representative for a copy of the firm's complete and most recent Miscellaneous Charges Schedule, which outlines other administrative fees and charges.

### **FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)**

The Financial Industry Regulatory Authority (FINRA) promotes investor protection by offering access to a public disclosure program called BrokerCheck. Through BrokerCheck, an investor can review the background of a broker or a brokerage firm. There are also a variety of links for additional educational resources and tools. For more information and to access BrokerCheck, visit the FINRA web site at [www.finra.org](http://www.finra.org), or call the FINRA BrokerCheck hotline at 800-289-9999.

### **HOW TO REACH US**

GSS and GSIAS is headquartered at 328 Newman Springs Road, Red Bank, New Jersey, 07701. Our main switchboard number is 732-280-6886 and 877-477-7862, and our fax number is 732-280-6889. If you would like further information regarding this brochure, or if you have a complaint or concern regarding a trade confirmation, a monthly statement, or your financial advisor, please call or write to us and ask for the Compliance Department.

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