

# ELC Advisors, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of ELC Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (281) 414-3663 or by email at: [erik@elcadvisors.com](mailto:erik@elcadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about ELC Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). ELC Advisors, LLC's CRD number is: 162827*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

ELC Advisors, LLC has not yet filed an annual updating amendment using the Form ADV Part 2A. Therefore there are no material changes to report.

## Item 3: Table of Contents

### Table of Contents

Item 1: Table of Contents	
Item 2: Material Changes .....	i
Item 3: Table of Contents .....	ii
Item 4: Advisory Business .....	1
A. Description of the Advisory Firm .....	1
B. Types of Advisory Services .....	1
Investment Supervisory Services .....	1
Services Limited to Specific Types of Investments .....	1
C. Client Tailored Services and Client Imposed Restrictions .....	2
D. Wrap Fee Programs .....	2
E. Amounts Under Management .....	2
Item 5: Fees and Compensation .....	3
A. Fee Schedule .....	3
Investment Supervisory Services Fees .....	3
B. Payment of Fees .....	3
Payment of Investment Supervisory Fees .....	3
C. Clients Are Responsible For Third Party Fees .....	4
D. Prepayment of Fees .....	4
E. Outside Compensation For the Sale of Securities to Clients .....	4
Item 6: Performance-Based Fees and Side-By-Side Management .....	4
Item 7: Types of Clients .....	4
Minimum Account Size .....	4
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss .....	5
A. Methods of Analysis and Investment Strategies .....	5
Methods of Analysis .....	5
Charting analysis .....	5
Fundamental analysis .....	5
Technical analysis .....	5
Investment Strategies .....	5
B. Material Risks Involved .....	5
Methods of Analysis .....	5
Fundamental analysis .....	5

Technical analysis .....	5
Investment Strategies.....	6
C.    Risks of Specific Securities Utilized .....	6
Item 9: Disciplinary Information .....	7
A.    Criminal or Civil Actions .....	7
B.    Administrative Proceedings .....	7
C.    Self-regulatory Organization (SRO) Proceedings .....	7
Item 10: Other Financial Industry Activities and Affiliations.....	7
A.    Registration as a Broker/Dealer or Broker/Dealer Representative .....	7
B.    Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.....	7
C.    Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....	8
D.    Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections.....	8
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	8
A.    Code of Ethics .....	8
B.    Recommendations Involving Material Financial Interests .....	8
C.    Investing Personal Money in the Same Securities as Clients.....	8
D.    Trading Securities At/Around the Same Time as Clients' Securities .....	9
Item 12: Brokerage Practices.....	9
A.    Factors Used to Select Custodians and/or Broker/Dealers .....	9
1.    Research and Other Soft-Dollar Benefits .....	9
2.    Brokerage for Client Referrals.....	9
3.    Clients Directing Which Broker/Dealer/Custodian to Use.....	9
B.    Aggregating (Block) Trading for Multiple Client Accounts .....	10
Item 13: Reviews of Accounts .....	10
A.    Frequency and Nature of Periodic Reviews and Who Makes Those Reviews.....	10
B.    Factors That Will Trigger a Non-Periodic Review of Client Accounts .....	10
C.    Content and Frequency of Regular Reports Provided to Clients.....	10
Item 14: Client Referrals and Other Compensation .....	10
A.    Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) 10	
B.    Compensation to Non – Advisory Personnel for Client Referrals.....	11
Item 15: Custody .....	11
Item 16: Investment Discretion .....	11
Item 17: Voting Client Securities (Proxy Voting).....	11
Item 18: Financial Information .....	11
A.    Balance Sheet .....	11

B.	Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	12
C.	Bankruptcy Petitions in Previous Ten Years .....	12
Item 19: Requirements For State Registered Advisers .....		12
A.	Principal Executive Officers and Management Persons; Their Formal Education and Business Background.....	12
B.	Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any) .....	12
C.	How Performance Based Fees are Calculated and Degree of Risk to Clients .....	12
D.	Material Disciplinary Disclosures for Management Persons of this Firm .....	12
E.	Material Relationships That Management Persons Have With Issuers of Securities (If Any) .....	12

## Item 4: Advisory Business

### A. Description of the Advisory Firm

ELC Advisors, LLC is a Limited Liability Company organized in the state of Texas. This firm was formed on February of 2012, and the principal owner is Erik Luke Cooper.

### B. Types of Advisory Services

ELC Advisors, LLC (hereinafter "ELC") offers the following services to advisory clients:

#### *Investment Supervisory Services*

ELC offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. ELC creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

ELC evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. ELC will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### *Services Limited to Specific Types of Investments*

ELC generally limits its money management to mutual funds, equities, bonds, fixed income, ETFs, hedge funds, REITs, and government securities. ELC may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

ELC offers the same suite of services to all of its clients. However, specific client investment implementation is dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. ELC DOES NOT participate in any wrap fee programs.

### **E. Amounts Under Management**

ELC is a newly formed investment advisory firm, as such; its current assets under management are not yet reported.

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
\$1 - \$4,000,000	0.40%
\$4,000,001 - \$20,000,000	0.25%
Above \$20,000,000	0.10%

These fees are negotiable depending upon the needs of the client and complexity of the situation, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with thirty days' written notice.

Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

Advisory fees will be withdrawn directly from the client's accounts with client written authorization. In cases where Advisor fees are directly deducted, Advisor is required to a.) Obtain client authorization, b.) Send a copy of the invoice to the client at the same time that the ELC directs invoice to the custodian for payment, c.) Disclose that the custodian will send quarterly invoices to the client wherein Advisor fees are itemized.

Client shall be given thirty (30) days' prior written notice of any increase in fees. Any increase in fees shall be accompanied by an amendment or the execution of a new contract, with signatures from both parties evidencing acknowledgment and acceptance of the new fees.

### B. Payment of Fees

#### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by ELC. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

ELC collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via mailed check.

The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither ELC nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

ELC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

ELC generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ State or municipal government entities

### *Minimum Account Size*

There is an account minimum, \$500,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### **A. Methods of Analysis and Investment Strategies**

#### *Methods of Analysis*

ELC's methods of analysis include charting analysis, fundamental analysis, and technical analysis.

*Charting analysis* involves the use of patterns in performance charts. ELC uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

*Technical analysis* involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

ELC uses long term trading and short term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

*Technical analysis* attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

ELC generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**Hedge Funds** are not suitable for all investors and involve a high degree of risk due to several factors that may contribute to above average gains or significant losses. Such factors include leveraging or other speculative investment practices, commodity trading, complex tax structures, a lack of transparency in the underlying investments, and generally the absence of a secondary market.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Precious Metal ETFs** (Gold, Silver, Palladium Bullion backed “electronic shares” not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither ELC nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither ELC nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither ELC nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

## **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

ELC does not utilize nor select other advisers or third party managers. All assets are managed by ELC management.

# **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

## **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

## **B. Recommendations Involving Material Financial Interests**

ELC does not recommend that clients buy or sell any security in which a related person to ELC or ELC has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of ELC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of

ELC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. ELC will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of ELC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of ELC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. ELC will always transact client's transactions before its own when similar securities are being bought or sold.

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

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian, TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA, was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. ELC will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

##### **1. *Research and Other Soft-Dollar Benefits***

ELC receives research, products, or other services from its broker/dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that ELC must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for ELC to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. However, because this firm does not have to produce or pay for services or products it has an incentive to choose a custodian that provides those services based on its interests rather than the clients' interests. The first consideration when recommending broker/dealers to clients is best execution. ELC always acts in the best interest of the client.

##### **2. *Brokerage for Client Referrals***

ELC receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. Clients Directing Which Broker/Dealer/Custodian to Use**

ELC will not allow clients to direct ELC to use a specific broker-dealer to execute transactions. Clients must use ELC recommended custodian (broker-dealer).

#### **B. Aggregating (Block) Trading for Multiple Client Accounts**

ELC maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing ELC the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

#### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by Erik Luke Cooper, managing member. Erik Luke Cooper is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at ELC are assigned to this reviewer.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least monthly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

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

**A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

ELC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to ELC clients.

**B. Compensation to Non - Advisory Personnel for Client Referrals**

ELC does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

**Item 15: Custody**

ELC, with client written authority, has limited custody of client's assets through direct fee deduction of ELC's Fees only. If the client chooses to be billed directly by TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA, ELC would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

**Item 16: Investment Discretion**

For those client accounts where ELC provides ongoing supervision, the client has given ELC written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides ELC discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

**Item 17: Voting Client Securities (Proxy Voting)**

ELC will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

**Item 18: Financial Information**

**A. Balance Sheet**

ELC does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither ELC nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

ELC has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

ELC currently has only one management person/executive officer; Erik Luke Cooper. Erik Luke Cooper's education and business background can be found on the Supplemental ADV Part 2B form.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Erik Luke Cooper's other business activities can be found on the Supplemental ADV Part 2B form.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

ELC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at ELC or ELC has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither ELC, nor its management persons, has any relationship or arrangement with issuers of securities.