

## **Introduction**

1. Potomac Investment Company (PIC) is registered as a broker-dealer with the SEC, FINRA and SIPC.
2. Free and simple tools are available to research firms and professionals at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisors, and investing.
3. PIC's brokerage and investment advisory services and fees differ and it is important for the retail investor to understand the differences. Please make sure you understand what fees and costs you are paying.

## **Relationships and Services**

***"What investment services and advice can you provide me?"***

PIC offers brokerage services as an introducing broker to Herold Lantern and investment advisory services only on a fully discretionary basis to retail clients. The principal investments offered are listed equity securities, mutual funds and listed bonds, including bond funds. For investment advisory clients, we offer limited financial planning services. Daily monitoring of accounts is done only for discretionary advisory clients. PIC does not make available or offer advice with respect to proprietary products, or a limited menu of products or types of investments. PIC has a minimum initial account size of \$250K to open an account, but this can be waived at PIC's discretion.

## **Additional Information:**

### **Methods of Analysis, Investment Strategies and Risk of Loss**

PIC primarily uses fundamental and cyclical analysis. PIC manages investment risk by diversification, but all investing involves the risk of loss. We are not frequent traders, rarely use margin accounts and never use short sales or options.

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

#### **Conversation Starter: Questions that a retail investor should ask a financial professional**

***"Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?"***

***"How will you choose investments to recommend for me?"***

***"What is your relevant experience, including licenses, education and other qualifications? What do these qualifications mean?"***

***"What fees will I pay?"***

**Brokerage fees** are charged on buys and sales as determined by the clearing broker. Product related fees, like mutual funds loads, may also be incurred. Fees are generated with each trade, so the firm may be incentivized to do trades. **Investment advisory fees** are 1% per annum on equities and 1/2 of 1% per annum on bonds, mutual funds and other cash holdings. These fees are negotiable. **Other fees and costs:** There are several fees charged by the brokerage firm, include custodian fees, account maintenance fees

and SEC transaction fees. Other fees are related to mutual funds. ***You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.***

Greenwald, PIC's investment advisor, often buys or sells for her own personal account the same securities that she buys/sells for clients at the exact same time and price as they are done for clients.

**Conversation starter: “Help me understand how these fees and costs might affect my investment. If I give you \$10,000 to invest, how much goes to fees and cost, and how much will be invested for me”**

***“What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?”***

***When we provide you with a recommendation,*** we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect recommendations, we provide you. Here is an example to help you understand what this means. We have a decided preference for equities over bonds. We believe we are making this decision in our clients' interest, but it is also true that PIC makes more on equity investments than in bond holdings.

***“How might your conflicts of interest affect me, and how will you address them?”***

***“How do your financial professional make money?”*** Greenwald, the firm's sole professional employee, is paid a salary based on the firm's total earnings.

## **Disciplinary History**

**Conversation starter: “Do you or your financial professionals have legal or disciplinary history? For what type of conduct?”**

To further check on PIC's financial professionals, visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool.

## **Additional Information**

***Additional information about PIC can be found at FINRA's sites: <https://finra.org> and <https://crd.finra.org/iad>. You can also request a copy of PIC's ADV Part 2 and Part 3 (Relationship Summary) by contacting Potomac Investment Company at 1221 Jebber Loop, The Villages, FL 32162 or calling 240-274-7810.***

***“Who is my primary contact person? Is he or she a representative of an investment advisor or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”***

Greenwald is the primary contact person. She is an investment advisor and a representative/owner of the broker-dealer.