

Our Code Of Ethics

April, 2005



**CARNICK
& COMPANY**





Investment Advisor Code Of Ethics

Carnick & Company, Incorporated takes the issue of regulatory compliance seriously and is committed to maintain compliance with federal and applicable state securities laws. Additionally, Carnick & Company has a position of public trust and it is our goal to maintain that trust; provide excellent service, good investment performance; and advice that is suitable. Carnick & Company places great value on ethical conduct. Therefore, *the ultimate goal of our internal policies is to challenge our staff to live up not only to the letter of the law, but also to the ideals set forth by the Adviser.*

You may be familiar with the roles fiduciaries play in various legal situations and in certain industries. As a Registered Investment Adviser, Carnick & Company is a fiduciary to each and every client. As fiduciaries, Investment Advisors owe their clients several specific duties. According to the United States Securities Commission (“SEC”), an Investment Adviser’s fiduciary duties include:

- Provide advice that is suitable;
- Provide full disclosure of material facts and potential conflicts of interest (such that the client has complete and honest disclosure in order to make an informed decision about services of the Adviser and about investment recommendations);
- The utmost and exclusive loyalty and good faith;
- Best execution of transactions;
- The Adviser’s reasonable care to avoid ever misleading clients;
- Only acting in the best interests of clients.

It is our policy to protect the interests of each of the Adviser’s clients and to place the clients’ interests first and foremost in each and every situation. We promise to abide by honest and ethical business practices to including, but is not limited to:

- v We will not induce trading in a client’s account that is excessive in size or frequency in view of the financial resources and character of the account.
- v We will make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the customer and we will document suitability.
- v We will not borrow money from clients.



- v We will not recommend the purchase of a security without the reasonable belief that the security is registered, or the security or transaction is exempt from registration in states where we provide investment advice and based upon information available to us.
- v We will not recommend that the client place an order to purchase or sell a security through a broker/dealer or agent, or engage the services of a broker/dealer that is not licensed, based upon information available to us.
- v The staff of the Adviser will report all required personal securities transactions to Craig Carnick the President and Chief Compliance Officer of Carnick & Company, Incorporated, as required by the SEC.

Craig Carnick, the President and Chief Compliance Officer of Carnick & Company holds the Certified Financial Planner™ designation (“CFP®”). The Certified Financial Planner Board of Standards Inc. (CFP Board) also has adopted its own *Code of Ethics and Professional Responsibility (Code of Ethics)* to provide principles and rules to all persons whom it has recognized and certified to use the CFP®, CERTIFIED FINANCIAL PLANNER™ and certification marks (collectively “the marks”). CFP Board determines who is certified and thus authorized to use the marks. Implicit in the acceptance of this authorization is an obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. The CFP® *Code of Ethics’* Principles express the profession’s recognition of its responsibilities to the public, to clients, to colleagues and to employers. They apply to all CFP Board designees and provide guidance to them in the performance of their professional services.

In accordance with the principles set forth by the CFP Board, our organization will adhere to the following principals:

- . Integrity
- . Objectivity
- . Competence
- . Fairness
- . Confidentiality
- . Professionalism
- . Diligence

The CFP Board has also established rules, many of which mirror regulatory rules and regulations. If you would like to view the entire text, please let me know immediately. The following is an overview:

- . A CFP Board designee shall not solicit clients through false or misleading communications or advertisements, including the prohibition on giving the impression that a CFP Board designee is representing the views of the CFP Board or any other group without proper authorization to do so.
- . In the course of professional activities, a CFP Board designee shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a false or misleading statement to a client, employer, employee, professional colleague, governmental or other regulatory body or official, or any other person or entity.

A CFP Board designee has the following responsibilities regarding funds and/or other property of clients:

- A. In exercising custody of, or discretionary authority over, client funds or other property, a CFP Board designee shall act only in accordance with the authority set forth in the governing legal instrument (e.g., special power of attorney, trust, letters testamentary, etc.); and
- B. A CFP Board designee shall identify and keep complete records of all funds or other property of a client in the custody, or under the discretionary authority, and
- C. Upon receiving funds or other property of a client, a CFP Board designee shall promptly or as otherwise permitted by law or provided by agreement with the client, deliver to the client or third party any funds or other property which the client or third party is entitled to receive and, upon request by the client, render a full accounting regarding such funds or other property; and
- D. A CFP Board designee shall not commingle client funds or other property with a CFP Board designee's personal funds and/or other property or the funds and/or other property of a CFP Board designee's firm. Commingling one or more clients' funds or other property together is permitted, subject to compliance with applicable legal requirements and provided accurate records are maintained for each client's funds or other property; and
- E. A CFP Board designee, who takes custody of all or any part of a client's assets for investment purposes, shall do so with the care required of a fiduciary;
- F. A CFP Board designee shall exercise reasonable and prudent professional judgment in providing professional services;
- G. A financial planning practitioner shall act in the interest of the client.
- H. A CFP Board designee shall keep informed of developments in the field of financial planning and participate in continuing education throughout the CFP Board designee's professional career in order to improve professional competence in all areas in which the CFP Board designee is engaged. As a distinct part of this requirement, a CFP Board designee shall satisfy all minimum continuing education requirements established for CFP Board designees by CFP Board;
- I. A CFP Board designee shall offer advice only in those areas in which the CFP Board designee has competence. In areas where the CFP Board designee is not professionally competent, the CFP Board designee shall seek the counsel of qualified individuals and/or refer clients to such parties.

In rendering professional services, a CFP Board designee shall disclose to the client:

- Material information relevant to the professional relationship, including, conflict(s) of interest, the CFP Board designee's business affiliations, address, telephone number, credentials, qualifications, licenses, compensation structure and any agency relationships, and the scope of the CFP Board designee's authority in that capacity; and
- The information required by all laws applicable to the relationship in a manner complying with such laws.

A CFP Board designee in a financial planning engagement shall make timely written disclosure of all material information relative to the professional relationship. In all circumstances and prior to the engagement, a CFP Board designee shall, in writing, the following:

- Disclose conflict(s) of interest and sources of compensation; and
- Inform the client or prospective client of his/her right to ask at any time for information about the compensation of the CFP Board designee.

CFP Board designees who provide clients or prospective clients with the following written disclosures, using Form ADV, a CFP Board Disclosure Form or an equivalent document, will be considered to be in compliance:

- The basic philosophy of the CFP Board designee (or firm) in working with clients. This includes the philosophy, theory and/or principles of financial planning which will be utilized by the CFP Board designee; and
- Résumés of principals and employees of a firm who are expected to provide financial planning services to the client and a description of those services. Such disclosures shall include educational background, professional/employment history, professional designations and licenses held; and
- A statement that in reasonable detail discloses (as applicable) conflict(s) of interest and source(s) of, and any contingencies or other aspects material to, the CFP Board designee's compensation; and
- A statement describing material agency or employment relationships a CFP Board designee (or firm) has with third parties and the nature of compensation resulting from such relationships; and
- A statement informing the client or prospective client of his/her right to ask at any time for information about the compensation of the CFP Board designee.

Upon request by a client or prospective client, the CFP Board designee in a financial planning engagement shall communicate in reasonable detail the requested compensation information related to the financial planning engagement, including compensation derived from implementation. The disclosure may express compensation as an approximate dollar amount or percentage or as a range of dollar amounts or percentages. The disclosure shall be made at a time and to the extent that the requested compensation information can be reasonably ascertained. Any estimates shall be clearly identified as such and based on reasonable assumptions. If a CFP Board designee becomes aware that a compensation disclosure provided pursuant to this rule has become significantly inaccurate, he/she shall provide the client with corrected information in a timely manner.

The disclosures required of a CFP Board designee in a financial planning engagement described under Rule 402 shall be offered at least annually for current clients, and provided if requested. A CFP Board designee's compensation shall be fair and reasonable. Additionally, A CFP Board designee who is an employee shall perform professional services with dedication to the lawful objectives of the employer and in accordance with this Code of Ethics.

A CFP Board designee shall:

- a. Advise his/her employer of outside affiliations which reasonably may compromise service to an employer;

- b. Provide timely notice to his/her employer and clients about change of CFP® certification status; and
- c. Provide timely notice to clients, unless precluded by contractual obligations, about change of employment.

A CFP Board designee shall inform his/her employer, partners or co-owners of compensation or other benefit arrangements in connection with his or her services to clients, which are in addition to compensation from the employer, partners or co-owners for such services. Additionally, if a CFP Board designee enters into a personal business transaction with a client, separate from regular professional services provided to that client, the transaction shall be on terms which are fair and reasonable to the client and the CFP Board designee shall disclose, in writing, the risks of the transaction, conflict(s) of interest of the CFP Board designee, and other relevant information, if any, necessary to make the transaction fair to the client.

A CFP Board designee shall not reveal, or use for his or her own benefit, without the client's consent, any personally identifiable information relating to the client relationship or the affairs of the client, except and to the extent disclosure or use is reasonably necessary:

- A. To establish an advisory or brokerage account, to effect a transaction for the client, or as otherwise impliedly authorized in order to carry out the client engagement; or
- B. To comply with legal requirements or legal process; or
- C. To defend the CFP Board designee against charges of wrongdoing; or
- D. In connection with a civil dispute between the CFP Board designee and the client.

A CFP Board designee shall maintain the same standards of confidentiality to employers as to clients.

A CFP Board designee doing business as a partner or principal of a financial services firm owes the CFP Board designee's partners or co-owners a responsibility to act in good faith. This includes, but is not limited to, adherence to reasonable expectations of confidentiality both while in business together and thereafter.

A CFP Board designee shall show respect for other financial planning professionals, and related occupational groups, by engaging in fair and honorable competitive practices.

A CFP Board designee who has knowledge that another CFP Board designee has committed a violation of this *Code Of Ethics* which raises substantial questions as to the designee's honesty, trustworthiness or fitness as a CFP Board designee in other respects, shall promptly inform CFP Board.

A CFP Board designee who has knowledge which raises a substantial question of unprofessional, fraudulent or illegal conduct by a CFP Board designee or other financial professional, shall promptly inform the appropriate regulatory and/or professional disciplinary body.

In all professional activities a CFP Board designee shall perform services in accordance with:

- Applicable laws, rules and regulations of governmental agencies and other applicable authorities; and
- Applicable rules, regulations and other established policies of CFP Board.

A CFP Board designee shall not practice any other profession or offer to provide such services unless the CFP Board designee is qualified to practice in those fields and is licensed as required by state law.

A CFP Board designee shall return the client's original records in a timely manner after their return has been requested by a client.

A CFP Board designee shall provide services diligently.

- A financial planning practitioner shall enter into an engagement only after securing sufficient information to satisfy the CFP Board designee that:
- The relationship is warranted by the individual's needs and objectives; and
- The CFP Board designee has the ability to either provide requisite competent services or to involve other professionals who can provide such services.

A financial planning practitioner shall make and/or implement only recommendations which are suitable for the client. Additionally, consistent with the nature and scope of the engagement, a CFP Board designee shall make a reasonable investigation regarding the financial products recommended to clients.

A CFP Board designee shall properly supervise subordinates with regard to their delivery of financial planning services. Carnick & Company, Incorporated requires that all supervised persons immediately report any known or suspected violations of this Code of Ethics or securities rules and regulations to Craig Carnick. Failure to report material information will result in loss of authority or termination and possible additional action by regulators.

If you should have any questions about how Carnick & Company does business or if you have any concerns during the course of our relationship, I want to hear from you immediately.

Thank you.



Craig Carnick
President and Chief Compliance Officer
Carnick & Company, Incorporated