

# Form ADV, Part 2A

## Wealth Management Partners, Inc. d/b/a U.S. Advisory Group

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*This brochure provides information about the qualifications and business practices of U.S. Advisory Group, Inc. If you have any questions about the contents of this brochure, please contact us at the phone number listed above.*

*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. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training.*

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

## **Item 2 – Material Changes**

The last annual update to this brochure was dated March 2016. Since the last annual update, the Firm has applied for state registration as it has insufficient assets to remain registered with the SEC.

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## **Item 4 – Investment Advisory Business**

Established in 1998 by President and owner, Frederick McDonald, U.S. Advisory Group ("USAG") provides investment management and financial planning services to clients on a non-discretionary basis.

### **Investment Management Services**

USAG provides investment management services to individuals and high net worth accounts. These services are implemented in conjunction with the client's investment objectives, risk tolerance level, liquidity needs, tax and/or legal implications and other concerns where applicable. Portfolios are designed with the optimal asset allocation mix of ETFs and mutual funds for each client. USAG will honor any reasonable restrictions on investing in certain securities or types of securities imposed by the client in writing.

### **Financial Planning/Consulting Services**

USAG provides objective holistic wealth counseling and advice to families of means. As a private family advisory firm, special consideration is given to the multi-generational aspects of financial planning. The firm will review and analyze the client's unique investment and personal family goals, objectives and needs, time horizons aversion to risk and tax considerations. A written Investment Policy Statement ("IPS") will be created that clearly articulates the investment process and parameters.

The completed IPS lays out the risk/reward characteristics for the investable assets, performance benchmarks, as well as the control procedures and guidelines for the total portfolio. Our asset optimization program is designed to provide an understanding of the trade-offs between investment risk and return. These simulations assist us in determining a set of optimal asset allocation strategies which have the highest probability of meeting client needs.

As of December 31, 2015, USAG has a total of approximately \$53,509,126 under management.

## **Item 5 – Fees and Compensation**

### **Investment Management Services**

USAG charges a management fee based on a percentage assets under management. Fees are charged quarterly, in advance, based on the market value of assets on the last trading day of the prior calendar quarter. USAG's fees are computed by Envestnet, our service provider and then deducted by Pershing, the custodian. Fees are calculated based upon

the terms of the client's agreement. In any partial calendar quarter, fees are pro-rated based on the number of days in which the account is open during the quarter.

USAG fees are as follows:

150 basis points of Market Value on the first One Million Dollars (\$1,000,000);

125 basis points on the next million dollars (\$1,000,001 - \$2,000,000);

100 basis points on Two Million One dollars and up (\$2,000,001 -/+) ADDITIONAL EXPENSES

Where clients may incur additional expense from brokerage-based activities, clients should be aware that transaction fees remain separate, distinct, and in addition to those fees charged by USAG for its asset management services and USAG does not benefit from these fees.

Where selected, mutual funds or third party managers are utilized, their costs are in addition to the above referenced fee schedule. Mutual Funds are used selectively and chosen on the basis of performance, creating opportunity, diversification and managed risk in portfolios that are generally smaller. Clients should review both the fees charged by the mutual funds and the advisory fees charged by USAG to fully appreciate the total amount of fees to be paid by the client. USAG recommends no-load and load-waived mutual funds, when available.

Certain investment adviser representatives are also registered representatives of an unaffiliated broker-dealer. While these individuals are entitled to receive asset-based sales charges or service fees from the sale of mutual funds in their capacity as registered representatives, no representative receives this compensation in connection with services provided to clients of USAG. The only form of compensation the firm and its representatives receive, directly or indirectly, from advisory clients are advisory fees.

All fees paid to the firm for investment advisory services are separate, distinct, and in addition to the fees and expenses charged by mutual funds to their shareholders (our clients). These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

Accordingly, clients should review both the fees charged by the mutual funds and the advisory fees charged by USAG to fully appreciate the total amount of fees to be paid by the client.

### **Financial Planning Services**

USAG typically charges a fixed initial fee for comprehensive family wealth planning and financial management services in advance. This fee is often in conjunction with asset based investment management fees for which clients may engage US Advisory Group.

These fees are limited to no more than 6 months of engagement, or, where projects are deemed to go longer than 6 months, fees will be charged in 6 month increments. The fee is typically fixed at \$2,000, up to \$10,000. The fixed fee is determined based on whether planning is for individuals, or as an ongoing retainer. The amount may be higher for corporations.

In certain circumstances, clients may request planning or consulting services on a limited basis for an hourly fee. The firm charges \$150- \$400 per hour; the fee is negotiable.

USAG and/or the client may terminate the investment advisory agreement, in whole or in part, at any time with 30 days written notice. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess shall be refunded to the client. The client advisory agreement with the firm is non-transferable without the client's written approval.

(\*We have every incentive to minimize transaction costs, decrease risk and improve performance of accounts.)

## **Item 6 - Performance Based Fees**

Our Firm does not charge any performance based fees.

## **Item 7 - Types of Clients**

USAG provides investment advisory services to predominately individuals and high net worth investors. The firm requires clients to maintain a minimum account size of \$500,000.00 for investment management clients. This minimum account size remains negotiable, under certain circumstances, and at the sole discretion of the firm.

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

In the course of our management process and as appropriate on a case by case basis, we will employ some or all of the following methods of analysis. For a description of the risks related to each particular method of analysis, see the information following each analysis method description.

Charting / Technical –

The terms “charting” and “technical” analysis are generally used synonymously and therefore, for the purpose of this document, we will use the term, “technical analysis.” In most cases, technical analysis involves the evaluation of historical market data such as price and volume of a particular security or investment instrument. Technical analysis often times involves the use of charts, graphs, and other tools to evaluate historical factors relating to the investment instrument and perhaps the market as a whole. The goal of technical analysis is to try to identify historical trading patterns that suggest future trading activity or price targets.

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory

Risk, Market Risk, Operational Risk, and Strategy Risk.

Fundamental -

Fundamental analysis is generally considered the opposite approach to technical analysis. Fundamental analysis involves the attempt to identify the intrinsic value (i.e. the actual, true/real value) of an investment instrument by examining any related economic, financial, and other quantitative/qualitative factors relevant to that instrument. Fundamental analysis can take into account anything that may impact the underlying value of the instrument. Examples of such things may include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Other company/issuer-specific factors may also be taken into consideration such as the company’s/issuer’s current financial condition, management experience and capabilities, legal/regulatory matters, the overall type and volume of current and expected business, etc.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, and Interest Rate Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

VIII.(A). (cont.) Investment Strategies

In the course of our management process and as appropriate on a case by case basis, we will employ any of the following investment strategies. For a description of the risks related to each particular investment strategy, see the information following each strategy description. The codes used below relate to risks described further below in this section.

#### Long-Term Purchases -

Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, and Inflation Risk.

#### Short-Term Purchases -

Short-term purchases generally involve the acquisition of an investment instrument and holding it for a period of not more than one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, and Inflation Risk.

#### Margin Trading -

Margin trading, or “trading on margin,” as it is generally stated, involves the ability to purchase a dollar value of securities that is greater than the dollar value of funds you have available for the purchase. Essentially, trading on margin means that you can borrow additional funds, generally from the firm that holds your brokerage account, to purchase investment instruments that exceed the amount with which you have funded your account.

Key risk(s): Capital Risk, Credit Risk, Currency Risk, Higher Trading Costs, Inflation Risk, Legal/Regulatory Risk, and Margin Risk.

### VIII.(B). Risk Disclosures

#### Capital Risk -

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### Credit Risk -

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### Currency Risk -

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, Euro, Japanese yen, etc.).

### Economic Risk -

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### Financial Risk -

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### Higher Trading Costs -

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

### Inflation Risk -

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

#### Interest Rate Risk -

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

#### Legal/Regulatory Risk -

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

#### Liquidity Risk -

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

#### Margin Risk -

- You can lose more funds than you deposit in a margin account. A decline in value of securities that are purchased on margin may require you to provide additional funds to the custodian holding your margin account in order to avoid a forced sale of those securities or other securities in your account.
- The custodian holding your margin account can force the sale of securities in your margin account. If the equity in your account falls below the margin maintenance level required by law or below the custodian's "house" requirement, the custodian can sell the

securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such sale.

- Securities can be sold without contacting you prior to sale. Some investors mistakenly believe they must be contacted before a margin call becomes valid and that securities in their accounts cannot be liquidated to meet the call unless they have been contacted ahead of time. Most firms will attempt to notify you of margin calls, however, they are not required to do so. Even if the custodian has contacted you to provide a specific date by which you can meet a margin call, the custodian can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- You are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call. Because the securities are used as collateral for the margin loan, the custodian has the right to decide which securities to sell in order to protect its interests.
- The custodian can increase its “house” maintenance requirement at any time and is not required to provide you with advance, written notice. These changes in policy can take effect immediately and may result in the issuance of a margin maintenance call. Your failure to satisfy this call may cause a forced liquidation 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 clients under certain conditions, a client does not have the right to the extension.

#### Market Risk -

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

#### Operational Risk -

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

#### Past Performance -

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment’s future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times

involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

#### Strategy Risk -

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

#### VIII.(C). Investment-Specific Risks

There is no single type of investment instrument that we predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and you should make sure that you fully understand not only the investment product itself but also the attendant risk factors associated with such products.

### **Item 9 - Disciplinary Information**

Rule 206(4)-4 of the Investment Advisers Act of 1940 requires investment advisers to provide clients with disclosures as to any legal or disciplinary activities deemed material to the client's evaluation of the adviser. Please note, neither the firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.

Additional information regarding the disciplinary history of USAG can be obtained by contacting the Massachusetts Securities Division at 617-727-3548.

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

### **Broker-dealer, municipal securities dealer, or government securities dealer or broker**

Related Person: Frederick McDonald III

*Conflict(s):*, Frederick McDonald III are registered representatives of Private Client Services, LLC. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser..

*How we Address the Conflict(s):* First and foremost, we address the conflicts described in the preceding section by disclosing them to you in this Brochure Supplement as well as in USAG's separate Brochure. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory process, detailed in our Policies and Procedures ("P&Ps") that was designed to address, among other things, conflicts of interest such as this one. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our P&Ps. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being adequately carried out and in a timely manner.

### **Sale of Insurance Products**

Conflict: Frederick V. McDonald Jr., and Frederick McDonald III sell insurance products.

*How we address the Conflict(s):* First and foremost, we address the conflicts described in the preceding section by disclosing them to you in this Brochure Supplement as well as in USAG's separate Brochure. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory process, detailed in our Policies and Procedures ("P&Ps") that was designed to address, among other things, conflicts of interest such as this one. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our P&Ps. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being adequately carried out and in a timely manner. The firm maintains a fiduciary obligation to place its clients' interests first. However, clients should be aware that the receipt of additional

compensation itself can create a conflict of interest, and may affect the judgment of this individual when making investment recommendations. In order to properly handle such potential conflicts of interest, the firm has adopted a Code of Ethics. Please see Item 11 (below) for further discussion related to the firm's Code of Ethics.

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

USAG and/or its representatives may purchase or sell investments for their personal accounts that they have similarly recommended to clients. As required by Rule 204A-1 of the Investment Advisers Act of 1940, USAG has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the firm. The Code of Ethics describes the firm's fiduciary duties and obligations to clients, and sets forth the firm's practice of supervising the personal securities transactions of employees who maintain access to client information.

The firm and related persons of the firm may invest in the same securities (or related securities, e.g., warrants, options or futures) that USAG or any of its related persons recommend to clients. Some of these investments may be placed at, or about the same time as, the placement of client securities transactions. This presents a conflict of interest, as the firm and its related persons may be incented to benefit from client transactions by placing their own interests ahead of those of the firm's clients. USAG requires that client transactions in Reportable Securities (as this term is defined in the Code of Ethics) be placed ahead of those of the firm or its related persons. USAG collects and maintains records of securities holdings and transactions made by employees. The firm reviews the personal trading practices of its employees to identify and resolve any potential or realized conflicts of interest. The firm's Code of Ethics is available upon request.

### **Item 12 - Brokerage Practices**

The firm maintains a fiduciary duty to seek best execution pricing for client transactions. USAG will generally recommend execution of client transactions through Private Client Services, LLC. ("PCS"), or Transamerica Financial Advisors, Inc. ("TFA") an unaffiliated FINRA member broker-dealer. Clients should be aware that not all advisers recommend or require clients to direct transactions to a particular firm.

Clients may direct USAG to place transactions through a brokerage firm not generally recommended by USAG. If a client directs such transactions, such client should be aware that this instruction may cost the client more money and the client may pay higher brokerage commissions, as USAG may not be able to achieve the most favorable pricing.

In considering the recommendation of PCS and/or TFA or any other broker-dealer, USAG considers the following:

- the broker's capital depth,

- the broker's market access,
- the nature and character of the markets for the security to be purchased or sold,
- the execution,
- clearance and settlement capabilities of the broker selected and others considered, and
- reasonableness of the commission or its equivalent for the specific transaction.

USAG, through its independent relationship with PCS and TFA, has entered into agreements with Pershing, LLC, an independent self-directed brokerage and custodial agent. USAG utilizes Pershing because it believes it to be the single most efficient and cost effective wholesale brokerage firm in the industry. USAG has no financial ties or re-enumeration for introducing client accounts into Pershing, other than company described within this agreement.

Where the firm predominately invests in ETF's and mutual funds, all accounts are managed separately. The firm does not participate in any aggregation or block trading practices. Additionally, the firm does not receive any research, products, client referrals, or other services from a broker-dealer or third part in connection with client-based securities transactions (i.e. no soft dollars)

### **Item 13 - Review of Accounts**

Accounts will be monitored on a monthly basis by firm manager Frederick McDonald Jr. Mr. McDonald or USAG may be assisted in overseeing accounts by third party managers. Accounts will be reviewed more frequently as necessary to respond to significant changes in client circumstances or changes in market conditions. Triggering factors to warrant more in depth review may include the following;

- a change in a client's investment objective
- a change in market conditions
- change in your employment status
- re-balancing of assets to maintain proper asset allocation
- other activity discovered as the account is normally reviewed.

Clients will receive written brokerage statements each month from the custodian. Clients are encouraged to notify the firm of changes to their personal finances, especially those changes that might materially affect their investment plan.

USAG will provide quarterly holdings reports in addition to the monthly statements that clients receive from the custodian. The reports will generally include a portfolio appraisal, realized and unrealized gains/losses, income and expenses, contributions and withdrawals, and account performance history. Clients are encouraged to compare the reports received from USAG to those received from the custodian and immediately report any unexplained differences to USAG and/or the custodian, as appropriate.

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

USAG does not compensate third parties who are not IARs of the Firm for client referrals.

USAG does not receive any economic benefit from a non-client for the provision of advisory services to the firm's clients.

## **Item 15 - Custody**

USAG is deemed to have custody\* of client assets solely because it deducts advisory fees from client accounts. Other than these client-authorized fee deductions, USAG does not maintain, nor have custody of client assets. Client accounts are held by its custodian, Pershing, LLC, a wholly-owned subsidiary of Bank of New York (see brokerage services at Item 12). The amount of the quarterly fee deducted from the client's account is computed by Pershing and Envestnet based on the amount specified in the client's agreement. After computing the fee, as described above, the custodian will then deduct the fee and who deducts and pays the fee to USAG.

\*Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. Rule 206(4)-2 Investment Advisers Act of 1940.

## **Item 16 - Investment Discretion**

USAG does not maintain discretion. All transactions must be authorized by the client.

## **Item 17 - Voting Client Securities**

USAG does not maintain any voting or proxy rights with respect to corporate actions related to such assets. Clients will vote their own proxies, which they will receive directly from your custodian or broker-dealer. Clients may contact the firm if they have any questions.

## **Item 18- Financial Information**

Under Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain and financial information about their business practices that might serve as material to the client's decision in choosing an investment adviser.

As of the date of this filing, USAG does not require the pre-payment of more than \$1,200 in fees per client six months or more in advance, nor does it maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.

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

Our principal executive officer is Frederick McDonald.

Additional information about Mr. McDonald can be found in the Part 2B supplement below.

Our Firm is not involved in any additional businesses.

Our Firm does not collect any performance based fees.

USAG and Mr. McDonald have not been involved in any activity that would require disclosure here.

Mr. McDonald serves as the managing member of the General Partner of Kettle Black II GP, LLC.

# Form ADV, Part 2B

**Rick McDonald  
Tucker McDonald**

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Suite 410  
Wakefield, MA 01880  
(781) 246-0222**

**www.usadvisory.com**

**SEC File # 801-109291**

**Firm CRD#: 109291**

**March 2015**

*This brochure supplement provides information about the qualifications and business practices of these individuals as representatives of U. S. Advisory Group. This information is provided as a supplement to the Form ADV Part 2A which has been provided for your review. Should you have any questions about this supplement, or if you have not received the Form ADV Part 2A please contact the firm immediately.*

*The information in this brochure supplement has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, where this brochure supplement may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.*

*Additional information about the firm and its representatives is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

# Rick McDonald

## Item 2: Education and Background and Business Experience

**Name, Title:** Frederick “Rick” V. McDonald, Jr., President/CEO

**CRD #:** 706872

**Year Born:** 1956

**Education:**

- Boston College, B.S., 1978

**Licenses/Professional Designations:**

- FINRA Licenses: 7, 24, 63, and 66 examinations
- Licensed Insurance Agent - MA

**Business Background:**

- 1982 to present, U.S. Advisory Group, Inc., President/CEO

## Item 3: Disciplinary Information

Mr. McDonald does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

## Item 4 and 5: Other Business Activities and Additional Compensation

*Conflict:*

Mr. McDonald is licensed to sell insurance products. Mr. McDonald’s insurance sales activity is separate from his activities as an investment advisor representative of USAG.

Mr. McDonald may receive additional compensation in relation to the sale of insurance products. Such compensation is in the form of cash. The instructions in the Form ADV require us to tell you that the receipt or potential for the receipt of this other compensation gives Mr. McDonald an incentive to recommend insurance products based on the compensation received, rather than on your specific needs. Although we are obligated to tell you this, Mr. McDonald’s and our objective as a firm is to place nothing before your best interests.

Mr. McDonald, in his capacity as an insurance agent may recommend insurance services to clients who have or are utilizing USAG’s investment advisory services. USAG’s clients are free to implement advisory recommendations through any firm. There is no obligation for you to effect transactions through Mr. McDonald, however, if you choose to do so, commissions may be earned by Mr. McDonald which may be higher or lower than those you might pay at another insurance agency. USAG does not warrant or represent that commissions for transactions implemented through Mr. McDonald will be lower than commission available if you use another insurance agency, USAG believes, however, that the overall level of services and support provided to clients by Mr.

McDonald outweighs the potentially lower transaction cost available under other insurance arrangements.

USAG may make conflicting or differing recommendations with respect to the same insurance products to different advisory clients. All such recommendations are based on each individual client's financial circumstances, needs, risk tolerances, objectives, etc.

*How we Address the Conflict:*

First and foremost, we address the conflicts described in the preceding section by disclosing them to you in this Brochure Supplement as well as in USAG's separate Brochure. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory process, detailed in our Policies and Procedures ("P&Ps") that was designed to address, among other things, conflicts of interest such as this one. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our P&Ps. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being adequately carried out and in a timely manner.

The potential conflicts of interest described in the preceding section are commonplace in the investment industry and we believe that they are not only appropriate but that they are proper in light of the added examination, licensing, registration, and other regulatory oversight that also takes place in the insurance and investment advisory industries. Mr. McDonald has satisfied various regulatory examination, registration, licensing, and continuing education requirements that allow not only for the offering of insurance products as well as the receipt of the normal and customary compensation that any similarly registered, licensed, and qualified person could receive in the form of sales compensation for those same products.

Bear in mind that even if Mr. McDonald was not registered/licensed to sell insurance products, the majority of your transactions involving such products would still result in you paying some sort of commission for those products. In Mr. McDonald's case, his active licensing allows him to be able to receive those commissions as opposed to the executing insurance agency keeping them for themselves.

The added compensation received by Mr. McDonald in connection with any insurance activities is deemed routine and customary compensation for such activities and is not believed to be inappropriate.

**Item 6: Supervision**

As the firm's President, Mr. McDonald remains responsible for the supervision and ongoing operation of the firm. This supervision extends to reviewing all aspects of the business and maintaining a fair and equitable environment for clients and their accounts. Mr. McDonald remains responsible for the supervision of each employee of the firm. This

supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. McDonald at the phone number listed on the cover of this brochure supplement.

# Frederick “Tucker” McDonald

## Item 2: Education and Background and Business Experience

**Name, Title:** Frederick “Tucker” V. McDonald, III, Financial Advisor

**CRD #:** 5135064

**Year Born:** 1984

**Education:**

- Boston College, B.A., 2007

**Licenses/Professional Designations:**

- FINRA Licenses: 6, 7, 63, 65
- Licensed Insurance Agent – Life

**Business Background:**

- 2013 to present, U.S. Advisory Group, Inc., Financial Advisor
- 2013 to present, PCS Financial Advisors, Inc., Registered Representative
- 2007 – 2013, John Hancock Financial Services, Consolidations Specialist

## Item 3: Disciplinary Information

Mr. McDonald does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

## Item 4 and 5: Other Business Activities and Additional Compensation

*Conflict:*

Mr. McDonald is securities licensed to sell certain securities and investment products through PCS. Mr. McDonald’s activities through PCS are independent from and in addition to those of USAG. USAG and PCS are not affiliated entities.

Mr. McDonald, in his capacity as a registered representative of PCS, may recommend PCS’s brokerage services to clients who have or are utilizing USAG’s investment advisory services. USAG’s clients are free to implement advisory recommendations through any firm. There is no obligation to effect transactions through PCS or Mr. McDonald; however, if you choose to do so, commissions may be earned by Mr. McDonald which may be higher or lower than those you might pay at another broker-dealer. USAG does not warrant or represent that commissions for transactions implemented through PCS will be lower than commission available if you use another brokerage. USAG believes, however, that the overall level of services and support provided to clients by PCS outweighs the potentially lower transaction cost available under other brokerage or insurance arrangements.

USAG may make conflicting or differing recommendations with respect to the same securities to different advisory clients. All such recommendations are based on each individual client’s financial circumstances, needs, risk tolerances, objectives, etc.

*How we Address the Conflict:*

First and foremost, we address the conflicts described in the preceding section by disclosing them to you in this Brochure Supplement as well as in USAG's separate Brochure. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory process, detailed in our Policies and Procedures ("P&Ps") that was designed to address, among other things, conflicts of interest such as this one. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall

*Conflict:*

Mr. McDonald is licensed to sell insurance products. Mr. McDonald's insurance sales activity is separate from his activities as an investment advisor representative of USAG.

Mr. McDonald may receive additional compensation in relation to the sale of insurance products. Such compensation is in the form of cash. The instructions in the Form ADV require us to tell you that the receipt or potential for the receipt of this other compensation gives Mr. McDonald an incentive to recommend insurance products based on the compensation received, rather than on your specific needs. Although we are obligated to tell you this, Mr. McDonald's and our objective as a firm is to place nothing before your best interests.

Mr. McDonald, in his capacity as an insurance agent may recommend insurance services to clients who have or are utilizing USAG's investment advisory services. USAG's clients are free to implement advisory recommendations through any firm. There is no obligation for you to effect transactions through Mr. McDonald, however, if you choose to do so, commissions may be earned by Mr. McDonald which may be higher or lower than those you might pay at another insurance agency. USAG does not warrant or represent that commissions for transactions implemented through Mr. McDonald will be lower than commission available if you use another insurance agency, USAG believes, however, that the overall level of services and support provided to clients by Mr. McDonald outweighs the potentially lower transaction cost available under other insurance arrangements.

USAG may make conflicting or differing recommendations with respect to the same insurance products to different advisory clients. All such recommendations are based on each individual client's financial circumstances, needs, risk tolerances, objectives, etc.

*How we Address the Conflict:*

First and foremost, we address the conflicts described in the preceding section by disclosing them to you in this Brochure Supplement as well as in USAG's separate Brochure. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory process, detailed in our Policies and Procedures ("P&Ps") that was designed to address, among other things, conflicts of interest such as this one. In addition, we have

designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our P&Ps. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being adequately carried out and in a timely manner.

The potential conflicts of interest described in the preceding section are commonplace in the investment industry and we believe that they are not only appropriate but that they are proper in light of the added examination, licensing, registration, and other regulatory oversight that also takes place in the insurance and investment advisory industries. Mr. McDonald has satisfied various regulatory examination, registration, licensing, and continuing education requirements that allow not only for the offering of insurance products as well as the receipt of the normal and customary compensation that any similarly registered, licensed, and qualified person could receive in the form of sales compensation for those same products.

Bear in mind that even if Mr. McDonald was not registered/licensed to sell insurance products, the majority of your transactions involving such products would still result in you paying some sort of commission for those products. In Mr. McDonald's case, his active licensing allows him to be able to receive those commissions as opposed to the executing insurance agency keeping them for themselves.

The added compensation received by Mr. McDonald in connection with any insurance activities is deemed routine and customary compensation for such activities and is not believed to be inappropriate.

## **Item 6: Supervision**

President, Rick McDonald remains responsible for the supervision of each employee of the firm. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. McDonald at the phone number listed on the cover of this brochure supplement.