



1 Sierra Lejana, Santa Fe NM 87508  
michael@aquariusfinancial.com  
www.aquariusfinancial.com  
phone: (323) 293-6800  
fax: (888) 241-2127

# Brochure

## Form ADV Part 2

For Clients and Prospective Clients of Aquarius Financial  
March 31, 2020

### **Item 1: Introduction and Overview**

This brochure provides clients and prospective clients with information about Aquarius Financial and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client. It is required to be delivered to any prospective client prior to entering into a business relationship with Aquarius Financial.

If you have any questions about the contents of this brochure, please contact us. Additional information about Aquarius Financial also is available on the SEC's website at <http://www.adviserinfo.sec.gov>. You can search this site by using a unique identifying number known as a "CRD number." The Aquarius Financial CRD number is 157425.

The contents of this brochure have not been approved or verified by the Securities and Exchange Commission (SEC) or any other state or federal authority. While the firm is an investment Advisor registered with the State of California, registration alone does not imply a certain level of skill or training on the part of the firm or its associated personnel. Any reference to the Investment Advisers Act of 1940 is not meant to imply registration with the Securities and Exchange Commission (SEC).

Throughout this document, Aquarius Financial will be referred to by the following terms: "Aquarius Financial," "AF," "the Firm," "Advisor," "we," "us," or "our." The client or prospective client will be referred to in terms such as "Client," "you," "your," etc.

### **Item 2: Material Changes**

The first filing of the firm's advisory brochure took place in September 2011. The Material Changes Item of this brochure will be updated at least annually, or when material changes occur since the previous release of this brochure.

Whenever you would like to receive a copy of this Firm Brochure, please contact us by telephone (323) 293-6800 or by email ([michael@aquariusfinancial.com](mailto:michael@aquariusfinancial.com)).

### Item 3: Table of Contents

- Item 1 - Cover Page
- Item 2 - Material Changes
- Item 3 - Table of Contents
- Item 4 - Advisory Business
- Item 5 - Fees and Compensation
- Item 6 - Performance-Based Fees and Side-By-Side Management
- Item 7 - Types of Clients
- Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss
- Item 9 - Disciplinary Information
- Item 10 - Other Financial Industry Activities and Affiliations
- Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
- Item 12 - Brokerage Practices
- Item 13 - Review of Accounts
- Item 14 - Client Referrals and Other Compensation
- Item 15 - Custody
- Item 16 - Investment Discretion
- Item 17 - Voting Client Securities
- Item 18 – Financial Information

Item 19 – Requirements for State-Registered Advisers

Part 2B: Brochure Supplement (Advisory Personnel)

This Brochure contains the Part 2B Advisory Personnel Brochure Supplement. This document is not complete without all pages.

### Item 4 - Advisory Business

**Firm Description:** Michael Grodsky is a 100% owner of the firm. Aquarius Financial (the Advisor) provides *fee-only* investment management for individuals and families from all walks of life. *Fee-only* means that we do not earn commission from the sale of securities; instead we are compensated by asset-based fees for investment management services. As of December 31, 2019, Aquarius Financial has approximately \$949,667 in assets under management.

Associated persons may earn commissions on sale of insurance products. For more information see Item 10, *Other Financial Industry Activities and Affiliations*.

**The Fiduciary Standard:** The firm holds itself to a *fiduciary standard*, which means Aquarius Financial and its associates will act in the utmost good faith and perform in a manner believed to be in the best interest of its clients. As investment advisors we are *legally required* to put you, the client, first. This sets us apart from investment brokers, who are held to a lower “suitability” standard and are not legally required to place their clients’ interests ahead of their own, or to disclose their conflicts of interest involving their clients’ transactions.

Our primary resource for understanding our fiduciary responsibilities and discharging them properly include “Prudent Practices for Investment Advisors; Defining a Global Fiduciary Standard of Excellence for Investment Advisors” (U.S. Edition), written by Fiduciary 360, and other documents, training and continuing professional education provided by Fiduciary 360, the Foundation for Fiduciary Studies, as well as applicable laws and regulations.

**Service.** We assist clients in developing an investment portfolio based on current needs, financial goals, and personal/organizational values. Our referral network includes specialists in financial planning, taxation, estate planning, insurance, and other specialty areas that may be critical to a client's financial health. We do not earn any compensation as a result of referring clients to outside professionals.

**Selection.** One size does not fit all. Aquarius Financial offers a variety of fee-based investment options, each designed to best meet the needs of specific types of clients.

**Objectivity.** We are paid to provide clients with objective, professional advice and prompt service. Fees for account management are generally based on assets under management in the client account. As a result, the client's interests and those of the network advisor and Aquarius Financial are closely related.

**Reasonable Cost.** Through special arrangements with select service providers, Aquarius Financial clients receive low cost custodial and transaction services. Our fees are flexible, competitive, and clearly understandable, allowing clients to estimate their total costs in advance.

**Access.** Our clients have access to a broad range of investment managers, socially screened mutual funds, and other investment opportunities.

**Investment Management Services:** We may engage the services of unaffiliated third-party money managers and/or separate account managers. We monitor the performance of the selected managers. If we determine that a particular manager is not providing acceptable management services to the client, or is not managing the client's portfolio in a manner consistent with the client's IPS (Investment Policy Statement), we may recommend another manager to the client.

We choose asset managers with a long-term orientation, which our clients generally share. Our clients are investors who want to avoid making big mistakes, not those who are willing to take big risks in hopes of achieving outsized gains. We do not offer recommendations concerning futures, short selling, or exotic derivatives.

If you engage us for investment management, we will assist you in developing an asset allocation strategy or investment policy statement we believe is appropriate for your particular investment objectives and tolerance for risk. Clients retain absolute discretion over all implementation decisions, and are free to accept or reject any recommendation made by the firm.

On behalf of our clients, we may engage the services of unaffiliated third-party, fee-only financial planners who receive compensation from hourly or per-project fees.

Investment management services are often broad based – looking at a client's overall financial situation, needs and objectives, and developing a financial plan that is expansive in scope. Sometimes, however, a client prefers to focus only on certain aspects of their financial situation, rather than on his or her overall financial circumstances and long-term goals. Working within these limitations means that we may not be able to address other important aspects of a client's overall financial situation.

We typically utilize a long-term investment perspective. If you engage us for investment consultation, we may assist you in developing an asset allocation strategy or investment policy statement we believe is appropriate for your particular investment objectives and tolerance for risk. Clients retain absolute discretion over all implementation decisions, and are free to accept or reject any recommendation made by the firm.

**Financial planning:** We do not provide financial planning services. We strongly suggest that prior to engaging our investment management services, clients seek financial planning and asset allocation

recommendations from a fee-only Certified Financial Planner®. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client.

Required information is gathered through in-depth personal interviews, including the client's current financial status, tax status, future goals, returns objectives, and attitudes towards risk. The financial planner will review documents supplied by the client, including a questionnaire completed by the client, and prepares a written report for the Advisor and client. Financial Planning recommendations are not limited to any specific product or service, and are generic nature. In consultation with the client the Advisor will assist in carrying out the objectives of the financial plan. Implementation of financial plan recommendations is entirely at the client's discretion.

**Service Agreement:** Should you wish to engage Aquarius Financial for its services, we must execute a written client agreement. Once a client agreement is in effect, further discussion takes place to obtain additional information and clarification on your financial needs, goals, current holdings, and other information needed for the firm to analyze your situation and offer advice and planning. Financial advice and/or plans are based upon the information you or your legal agent provide, and reflect your financial situation at the time the plan is presented. In performing its services the firm may, but is not required to, verify any information received from you or from your legal agents.

It remains each client's responsibility to promptly notify us if there is any change in his or her financial situation or investment objectives for the purpose of evaluating or revising the firm's previous recommendations.

If you enter into an agreement with us, either you or we may terminate the agreement at any time, with a pro-rata refund of monies for any advance payments. For more information see *Item 5 - Fees and Compensation*.

Our ability to provide the best service and advice depends on access to current and accurate information about your situation and objectives. Accordingly, our clients are expected to provide an adequate level of information and supporting documentation to us throughout the term of the engagement, including but not limited to: source of funds; income levels; investing preferences; long-term goals; and the client's (or legal agent's) authority to act on behalf of the account. This information helps us determine the appropriateness of our investment strategy for the client or account.

**Discretionary Authority and Custody of Assets:** The client makes the final decision on investment selection. The Advisor does not have discretionary authority to buy or sell securities, and the Advisor will purchase or sell securities only by the client's verbal or written instruction.

The Advisor may, on behalf of the client, engage the services of third-party asset managers who have discretionary authority in order to perform contractually agreed upon services.

The Advisor does not act as a custodian of client assets. The client always maintains asset control. Clients will never write a check payable to us, except for fees. Purchases of investments will always be made to the custodian of the client's account.

**Wrap Fees:** Aquarius Financial does not sponsor wrap fee programs.

**Educational Workshops:** We may provide educational workshops on an "as announced" basis for groups desiring general advice on investments and personal finance. We may offer customized presentations to

meet the needs of employees or other groups, including on issues related to wealth management, financial planning, retirement strategies, or various other financial, economic and investment topics. Such workshops or programs we conduct are purely educational in nature and do not involve the sale of any investment products. The information we present at these events is not based on any individual person's need, and we do not provide individualized investment advice to attendees during these sessions.

**Sales Presentations:** We may provide presentations for potential clients that feature investment products, using materials approved by the investment product's compliance department for communication with the general public.

**General Information:** Aquarius Financial will use its best judgment and good faith effort in providing our services to our clients. We cannot, however, guarantee how any account will perform. We cannot promise that any account will be profitable over time. With all investments, past performance does not guarantee future results.

Except as may otherwise be provided by law, Aquarius Financial will not be liable to any client (or the client's heirs or assigns) for any loss an account may suffer if we were acting with the degree of care, skill, prudence and diligence that a prudent person acting in a fiduciary capacity would use under the circumstances. We also will not be liable for any loss arising from acting upon your instructions or the instructions of your legal agent. Finally, we will not be liable for loss resulting from any act (or failure to act) by a service provider maintaining an account.

Pursuant to California Code of Regulations, 10 CCR Item 260.235.2, Aquarius Financial makes the following statement: a conflict may exist between the interest of the firm and the interests of the client. Further, the client is under no obligation to act upon the firm's recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transactions through the firm.

Nothing within our client services agreement or this ADV Part 2 is intended to diminish in any way our fiduciary obligation to act in the client's best interest at all times. This also does not limit or waive any rights clients have under federal or state securities laws, regulations or rules.

### **Item 5 - Fees and Compensation**

**Investment Management fees:** Aquarius Financial is a fee-only investment advisory practice, and therefore does not receive payment for any investment product purchases or sales, including asset-based sales charges or service fees from the sale of mutual funds. No commissions or remuneration from any third parties are accepted, either on a soft dollar basis or otherwise. No referral fees are paid to, or accepted from, third parties. See Item 10 for information about commissions that may be earned by associated persons for sale of insurance products.

## Annualized Investment Management Fees (tiered fee schedule #208)

From	To	Basis Points	Percentage
\$0.00	\$250,000.00	100	1%
\$250,000.01	\$500,000.00	90	0.9%
\$500,000.01	\$750,000.00	80	0.8%
\$750,000.01	\$1,000,000.00	70	0.7%
\$1,000,000.01	and greater	60	0.6%

Aquarius Financial has a \$500,000 account minimum for this service, and the minimum annual fee for investment management is \$4,500.00, paid monthly. Accounts may be aggregated to meet this minimum, and all accounts represented by one individual or a married or unmarried couple, are combined for fee purposes. However, this consideration is not extended to other client family members who reside at a different address or who have substantially different investment parameters.

If the client's assets are below \$500,000, they are charged the minimum annualized fee. We may waive this minimum requirement at our discretion.

Our investment management fees cover account management, monitoring, and rebalancing. We do not provide financial planning services. We strongly suggest that prior to engaging our investment management services, clients seek financial planning and asset allocation recommendations from a fee-only Certified Financial Planner®. At no time will the firm provide tax or legal advice.

**Fee and Expense Disclosure:** The published service fee schedule for new accounts may change from time to time. However, the client's service fees, as shown above and agreed to by the client, will never be increased without the client's consent, as evidenced by the client's signature on a new or amended fee agreement. We believe that our advisory fees are reasonable in light of the type of services to be provided, our experience and expertise. However, lower fees for comparable services may be available from other sources.

**Limited Negotiability of Advisory Fees:** Aquarius Financial may negotiate alternative fees on a client-by-client basis. Client facts, circumstances, and needs are considered in determining the fee schedule including the complexity of the client circumstances, assets to be placed under management, anticipated future additional assets; related accounts, portfolio style, account composition, and reports. The specific annual fee schedule for each client is identified in the client services agreement that the client signs.

**Advisory Fee Payments:** Investment Management fees will be payable quarterly in arrears. Payment of fees will be made by the custodian holding the client's funds and securities. The client provides written authorization to an unaffiliated third-party asset management firm permitting the fees to be paid directly from the client's account held by the independent custodian. Aquarius Financial does not and will not have custody of client's funds or securities, and does not withdrawal advisory fees directly from client accounts.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

All fees and expenses will affect the performance of your account, which will fluctuate in value and will provide, upon redemption, either more or less than your original investment. Past performance is no guarantee of future results.

**Commission of Financial Products:** Aquarius Financial or related persons may receive fees from Bank of Internet for clients who have FDIC insured banking products. No fees are ever withdrawn from client Bank of Internet accounts.

**Mutual Fund Fees and Other Investment Costs:** Fees paid to Aquarius Financial for any of the above services are completely separate from the fees and expenses charged by mutual-fund companies or other service providers. Clients may also incur transaction costs or administrative fees from custodians, broker-dealers, trust companies, or other service providers.

Aquarius Financial strives to disclose such costs to clients so that they understand and approve of fees other than those charged by the firm before engaging the firm for investment management or advisory services. However, the firm cannot influence other service providers and therefore cannot protect clients from costs, or cost increases, charged by third parties.

Aquarius Financial does not receive any portion of these other fees. The firm's only manner of compensation is fees paid by clients. We do not receive "trailer" or 12b-1 fees from any investment company recommended. Fees charged by any of these companies are detailed in prospectuses or product descriptions provided to the client. Clients are encouraged to read and consider these documents carefully before investing. For more information on our brokerage practices, please refer to Item 12 of this brochure.

**Financial Planning Fees:** We do not provide financial planning services.

**Annual Financial Consulting Program:** Clients may engage Aquarius Financial on an ongoing basis for a fee based on the firm's current hourly rate of \$250.00, an estimate of the number of hours required to provide the specific consulting services, and the client's desired frequency of receiving consulting services. Fees shall be payable quarterly in advance.

**Termination of Services:** Either party may terminate an engagement upon notice to the other within 2 business days of signing the service agreement, at which time any payment will be refunded. Termination will typically be in writing. If, however, a client verbally notifies us of termination and we do not receive a written termination notice from the client within two business days, we will document the client's instructions to terminate the relationship in our records, and will send a written termination notice to the client. The firm is not responsible for future recommendations or advice upon notice of termination. You are responsible to pay for services rendered until the termination of the agreement.

**Aquarius Financial does not provide accounting, tax, or legal services.** With your consent, we may work with your other professional advisors, such as your financial planner, accountant or attorney, to assist with coordination and implementation of the strategies we have agreed upon. While we may coordinate with these other advisors, they will bill you separately for their services. Their fees will be in addition to those of Aquarius Financial — they do not share their fees with us, and we do not share our fees with them.

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

Some advisors charge fees calculated based on the capital gains or capital appreciation (growth in value) of clients' accounts; these are performance based fees. Side-by-side management refers to an advisor simultaneously managing accounts that do pay performance-based fees and those that do not. Aquarius Financial does not charge any fees based on performance, and thereby avoids the potential conflicts of interest they may create.

However, we may employ certain types of investments that do charge a performance fee in which the Adviser does not participate. For these investments, refer to their offering or private placement memorandum for an explanation and amounts of the performance fees. Again, we do not use a performance-based fee structure.

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

We generally provide investment advice to individuals and families. We reserve the right to decline services to any prospective client for any reason.

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

When Aquarius Financial is engaged to provide investment management or investment advice, the client's current financial situation, needs, goals, objectives and willingness and ability to withstand risk are first evaluated. Asset allocation and investment policy decisions are then made to help the client work towards their overall financial objectives within an appropriate level of risk.

- Asset allocation is a key component of our investment recommendations.
- The firm employs fundamental, long-term philosophies in their investment recommendations and strategies.
- We try to position clients for a variety of market conditions and a range of near-and long-term outcomes.
- The firm believes all investments must be regularly monitored to maintain a suitable allocation, as well as sufficient diversification.
- Recommendations provided may be based on publicly available reports, analyses, databases, research materials, or computerized asset allocation models.

There is no guarantee any investment will increase in value and investments may decline in value. Investing in securities may result in a loss of principal. Although we strive to moderate these risks, clients should be prepared to accept certain investment risks. These risks include, among others:

- Market risks
- Liquidity risks
- Interest-rate risks
- Currency risks
- Political risks
- Business and industry risks

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

Neither Aquarius Financial nor any of its associated personnel have been the subject of a reportable legal or disciplinary event pursuant the Investment Advisers Act of 1940 (as amended) or similar state statute.

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

Our policies require all personnel to conduct business activities in a manner that avoids actual or potential conflicts of interest between the firm, employees and clients, or that may otherwise be contrary to law.

In accordance with the provisions of California Code of Regulations Section 260.238 (k), we will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest that might reasonably compromise our impartiality or independence.

Associated persons of Aquarius Financial may be licensed with various life, health, disability, and other insurance companies. They may recommend insurance products offered by these companies. If clients purchase these products through the associated persons, the associated persons will receive the normal commissions. Thus a conflict of interest exists between the associated person's interests and those of the advisory clients. Clients are under no obligation to purchase products recommended by the Advisor's associated persons or to purchase either through the associated persons or other recommended insurance companies.

As described in Item 4, on behalf of our clients, we may engage the services of unaffiliated third-party, fee-only financial planners who receive compensation from hourly or per-project fees. Before selecting other advisers we make sure they are properly licensed or registered as an investment adviser.

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

The firm has adopted a Code of Ethics that establishes policies of ethical conduct for all personnel. Aquarius Financial accepts the obligation not only to comply with all applicable laws and regulations, but also to act in an ethical and professionally responsible manner in all professional services and activities. To our clients, we will:

- Act with honesty and integrity and avoid conflicts of interest, real or perceived.
- Ensure the timely and understandable disclosure of relevant information that is accurate, complete, and objective.
- Be responsible when determining the value of our services and our form of compensation; taking into consideration the time, skill, experience, and special circumstances involved in providing our services.
- Know the limits of our expertise, and refer our clients to colleagues and/or other professionals in connection with issues beyond my knowledge and skills.
- Respect the confidentiality of information acquired in the course of my work, and not disclose such information to others, except when authorized or otherwise legally obligated to do so. We will not use confidential information acquired in the course of my work for our personal advantage.
- Not exploit any relationship or responsibility that has been entrusted to us.

Privacy Policy: Aquarius Financial collects non-public personal financial information about its clients from the following sources:

- Information clients or their legal agent provide to complete their financial plan.
- Information clients provide in agreements, account applications, and other documents completed in connection with opening and maintenance of accounts.
- Information clients provide orally.
- Information received from third parties, such as brokerage firms or custodians, about client transactions.

The Firm does not disclose non-public personal information about clients to anyone, except in the following circumstances:

- When required to provide services clients have requested.
- When clients specifically authorize Aquarius Financial to do so in writing.
- When permitted or required by law.

Protecting and safeguarding of personal information: To ensure security and confidentiality, the Firm maintains physical, electronic, and procedural safeguards to protect the privacy of its clients. Advisor's office is not open to the public. Electronic records are protected by hard disk encryption. Only at client's request will Advisor share client's records with others, for example the client's CPA, attorney, tax preparer or other authorized persons.

Participation or Interest in Client Transactions: The Firm's principals or employees may invest personally in securities that may also be recommended to clients.

If individual stocks or bonds are held by Aquarius Financial principals and/or employees and also recommended to clients, then such holdings will be fully disclosed to clients. At no time will the firm's principals or employees receive preferential treatment over clients. Aquarius Financial enforces the rules of the Investment Advisers Act of 1940, including the prohibition against insider trading. Employees are prohibited from borrowing from or lending to a client unless the client is an approved financial institution, or in the case of a natural person, an immediate family member.

Personal Trading: All investment accounts for Aquarius Financial's principals and employees are subject to review by the Firm's compliance officer.

Principals and employees may invest in mutual funds and exchange-traded funds at any time without prior approval from the firm's compliance officer. However, individual stock and bond purchases must be reported to the firm's compliance officer within 24 hours of the purchase or sale.

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

Aquarius Financial is not affiliated with any broker-dealer or third-party firm. This means there is no shared ownership or common management between us and any recommended broker-dealer or third-party firm utilized on behalf of our clients. An example of a third-party firm whose services we have utilized is FTJ FundChoice™.

FTJ FundChoice, with approximately \$2 billion in assets, is a fee-based mutual fund platform offering no-load and load-waived mutual funds. It is an asset management program that allows financial advisors the ability to develop their own model portfolios or outsource the asset allocation decision to institutional portfolio strategists.

For its advice-only clients, Aquarius Financial may recommend the services of discount brokers, such as Scottrade, Vanguard, Charles Schwab, Fidelity, or others. Discount brokerage fees, expenses and trading costs for non-investment management clients are solely the responsibility of the client.

The final decision to use any third-party platform or broker-dealer is always made by the client. Aquarius Financial does not receive any compensation from any third-party firm, brokerage firm or investment product, including commissions or 12b-1 fees. Aquarius Financial does not accept any soft-dollar payments and does not direct client transactions to a particular broker in return for services.

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

For its investment management clients, Aquarius Financial does not provide continuous and regular supervisory or management services for client accounts. We provide advice on an intermittent or periodic basis such as upon client request, in response to a market event, or on a specific date (e.g., if the account is reviewed and adjusted quarterly, bi-annually or annually). Monthly account statements are provided by the independent custodian of the client's account (TD Ameritrade Institutional), and we encourage clients to contact us annually for account reviews.

We do not provide any oversight or account reviews for its advice-only clients. We recommend periodic reviews, but it is the client's choice and responsibility to request these reviews.

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

Aquarius Financial does not accept fees or other forms of compensation for client referrals to other professionals, such as tax advisors or estate-planning attorneys. The firm also does not pay professionals

for referrals it receives, though its principals may send a small thank you gift for referrals with a nominal value (typically \$10 to \$15) to professionals or clients who have voluntarily recommended our services.

Client fees are the firm's only source of compensation in regards to its investment management services. See Item 10 for information about commissions that may be earned by associated persons for sale of insurance products.

### **Item 15 - Custody**

Aquarius Financial does not permit the Firm or its associated persons to obtain custody of client assets including cash, securities, acting as trustee, provide bill paying service, have password access to control account activity or any other form of controlling client assets. All checks or wire transfers to fund client accounts are required to be made out to and sent to the account custodian.

Client accounts held at FTJ Fundchoice are custodied at Huntington National Bank (HNB), member FINRA/SIPC. Clients receive a quarterly statement and have online access to their accounts at [www.ftjfundchoice.com](http://www.ftjfundchoice.com).

### **Item 16 - Investment Discretion**

Aquarius Financial does not manage client assets on a discretionary basis. The firm will gain approval for the investment and reinvestment of client assets before making security purchases and sales.

Routine or automatic rebalancing of accounts to maintain a desired asset allocation is not discretionary authority when such activity is part of a client services agreement.

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

The Advisor will not vote nor advise clients how to vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. The Advisor does not give any advice or take any action with respect to the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. The Advisor promptly passes along any proxy voting information to the clients or their representatives.

### **Item 18 – Financial Information**

Aquarius Financial is not required to provide a balance sheet as it does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$500 per client, and six months or more in advance.

### **Item 19 – Requirements for State-Registered Advisers**

A. Principal executive officers and management persons, formal education and business background: See Part 2B: Brochure Supplement.

B. Other Business Activities: See Part 2B: Brochure Supplement, "Other Business Activities."

C. Performance-based fees: As described in Item 6, Aquarius Financial does not charge any fees based on performance, and thereby avoids the potential conflicts of interest they may create.

D. Awards and liabilities: Neither Aquarius Financial nor any associated person has been involved with an award or found liable in an arbitration claim or in a civil, self-regulatory organization, or administrative proceeding involving any of the following: (a) an investment or an investment-related business or activity; (b) fraud, false statement(s), or omissions; (c) theft, embezzlement, or other wrongful taking of property; (d) bribery, forgery, counterfeiting, or extortion; or (e) dishonest, unfair, or unethical practices.

E. Neither Aquarius Financial nor any associated person has any relationship or arrangement with any issuer of securities that is not listed in Item 10.C. of Part 2A.

## Part 2B: Brochure Supplement (Advisory Personnel)

Michael Grodsky, Managing Member/Firm Principal/Chief Compliance Officer/Investment Adviser Representative

Aquarius Financial  
1 Sierra Lejana, Santa Fe NM 87508  
phone: 323-293-6800

This brochure supplement provides information about Michael Grodsky that supplements the Aquarius Financial brochure. You should have received a copy of that brochure. Please contact Michael Grodsky if you did not receive Aquarius Financial's brochure or if you have any questions about the contents of this supplement.

Additional information about Aquarius Financial also is available on the SEC's website at <http://www.adviserinfo.sec.gov>. You can search this site by using a unique identifying number known as a "CRD number." Aquarius Financial's CRD number is 157425. The business and disciplinary history of an investment advisory firm and its representatives may be obtained by calling the California Securities Regulation Division at 1-866-275-2677.

### Item 2: Educational Background and Business Experience

#### Financial Advisory Business

Michael Grodsky, born in 1953, has provided independent investment advisory services since April 2007, first as a registered representative with AIG Investment Advisors, and from November 2007 to April 2011 as a registered representative with Independent Financial Group. LLC. In the fall of 2011 Michael's firm Aquarius Financial obtained a Registered Investment Advisor certificate from the State of California.

#### Education

- UCLA Extension, coursework in Personal Financial Planning program. Earning an A+ average, Michael has taken all seven courses required to sit for the board exam for the designation of Certified Financial Planner. He also earned the AIF designation described above.
- Master of Music in Theory/Composition), California State University, Fullerton, CA.
- Bachelor of Music in Classical Guitar Performance, California State University, Fullerton, CA.
- Certificate in Recording and Electronic Arts, Fullerton College, Fullerton, CA

**Item 3: Disciplinary Information:** Mr. Grodsky has not been the subject of any disciplinary action that would require disclosure.

**Item 4: Other Business Activities:** Since November 2006 Mr. Grodsky has been the owner of Aquarius Insurance Services, LLC, providing health, life, disability, long-term care and Medicare insurance for individuals and businesses.

Approximately 80% of his time is spent in insurance-related business activities.

As a musician, Mr. Grodsky may earn fees from musical performances, compositions, music licensing, and sales of pre-recorded music.

**Item 5: Additional Compensation:** Aquarius Financial employees do not accept or receive additional economic benefit (i.e., sales awards or other prizes) for providing advisory services to firm clients. We do not earn any referral fees from other professionals to whom we may refer our clients. Mr. Grodsky or

other associated persons may earn a commission on insurance products sold to clients. Clients are under no obligation to accept recommendations for the purchase of any investment or insurance products.

**Item 6: Supervision:** Mr. Grodsky serves in multiple capacities with the firm and is responsible for the supervision of the firm's advisory services activities and any of its staff. The firm recognizes that not having all organizational duties segregated may potentially create a conflict of interest. To address any such potential conflicts, Aquarius Financial employs policies and procedures to ensure timely, accurate record keeping and supervision. The firm may outsource certain functions to qualified entities to assist in these efforts when deemed necessary. Questions relative to the firm, staff, its services, or this ADV Part 2 or its Advisory Personnel Supplemental Brochure may be made to the attention of Mr. Grodsky at (323) 293-6800.

**Item 7: Requirements for State-Registered Advisers:** Mr. Grodsky has not been in any events that would require disclosure. See Item 19, Firm Brochure, for information on events that would require disclosure.