

# FREE

A PUBLICATION OF  
AMERICAN PORTFOLIOS FINANCIAL SERVICES, INC.

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ISSUE 1.1



# contents

<b>from the editor-in-chief</b>	<b>2</b>
<b>events: 2007 national conference</b>	<b>3</b>
<b>employee of the quarter: amy cintorino</b>	<b>3</b>
<b>from the managing editor</b>	<b>4</b>
<b>intergenerational planning</b>	<b>5</b>
<b>indie view: barry cohn</b>	<b>6</b>
<b>rep feature</b>	<b>10</b>
<b>kilimanjaro</b>	<b>12</b>
<b>make a difference. become involved.</b>	<b>14</b>
<b>the idea that became a reality</b>	<b>15</b>
<b>managers meeting</b>	<b>16</b>
<b>extending non-qualified annuity assets</b>	<b>17</b>
<b>economic and market commentary</b>	<b>18</b>
<b>registered representative survey</b>	<b>19</b>
<b>state of the firm commentary from ceo lon t. dolber</b>	<b>22</b>
<b>gross commission and fee revenue</b>	<b>23</b>
<b>top 5</b>	<b>25</b>
<b>assets with american portfolios</b>	<b>26</b>
<b>recruiting and marketing overview</b>	<b>27</b>
<b>representative overview</b>	<b>27</b>
<b>employee growth</b>	<b>30</b>

# from the editor-in-chief



Dear Affiliated Professionals:

The creation of *FREE* is the third and final piece in what CEO Lon T. Dolber refers to as the APFS communications trio. It started back in 2003 with the weekly electronic newsletter, *The Independent*. Most recently, it incorporated *The American Perspective*, a bi-weekly web streaming news program produced on premises at Studio 454, the firm's very own in-house production facility (Read about the studio on Pg 15). And now, with the inclusion of this quarterly printed journal, the trio is complete. Like its predecessors, *FREE* will deliver company and industry specific news and provide invaluable investment, financial planning and practice management insights from affiliated professionals and partners of the firm.

We inaugurate the spirit of *FREE* by featuring colleague Kris Tower who joined APFS one year ago. He runs a financial planning practice called Strategic Capital Management in downtown Denver, Colorado with business associate and APFS affiliate, Tom Nazzaro. This recently turned 35 year-old CFP—and in his spare time, free falling snowboarder—is the embodiment of independence and an inevitable trailblazer in the future of this business (Pg 10).

You will also read an interview with Barry Cohn, who talks with us about his practice, managing other reps, his role as one of the fixed income liaisons for the firm, and the feeling of accomplishment he gets when reshaping a client's portfolio, the same way he molds clay at his fully operational teaching pottery studio (Pg 6).

In this edition, Corporate Communications staff member and Managing Editor of *FREE*, Becca Dolber, provides an enlightening and entertaining outside-looking-in perspective on the growth of APFS (Pg 4).

Hear from colleagues Marge Goldner and Brad Goldner, who share their insights on intergenerational planning and offer wonderful suggestions on how to connect with next-generation recipients of accumulated wealth (Pg 5). And with 2007 marking the end of El Nino, (this unpredictable weather pattern that has plagued every region from Tuscan to Topsfield), it coincides well with solid U.S. economic fundamentals in place this year as reported in this issue's economic and market commentary provided by Managing Director, Ron Chakler (Pg 18).

If that's not enough, see what you and other colleagues had to say about your B/D, about what we are doing right and what you want more of in the way of products, services and support. Also, don't forget to read President Frank Tauches' commentary on APFS' involvement in industry associations such as FSI and WAI (Pg 14).

Our vision is that this publication will serve as a communal, tangible place for you to connect; an environment that will remove the logistical barriers between us. We encourage you to share commentary and insights regarding your practice, the business and being free. Please forward them to [mgrappone@americanportfolios.com](mailto:mgrappone@americanportfolios.com).

Sincerely,

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events:

## 2007 national conference

THE "2007 NATIONAL CONFERENCE" WILL TAKE PLACE WEDNESDAY, October 10th through Friday, October 12th at the Marriott Seaview Resort and Spa in Galloway, New Jersey. The Marriott Seaview offers access to two championship golf courses and a world class spa. Located directly on the Jersey Shore and only ten minutes outside of Atlantic City, the Marriott Seaview will provide a convenient traveling location for many attending colleagues.

The qualifying period for the conference is July 1st, 2006 to June 30th, 2007, and ALL affiliated representatives of American Portfolios are invited to attend. Attending APFS representatives will be provided with the following allowances:

- Supervising principals receive two nights stay at the Seaview compliments of the firm.
- Representatives with gross production of \$100,000 combined securities and insurance commissions and advisory fees during the qualifying period receive two nights stay at the Seaview compliments of the firm.
- Representatives with gross production of \$50,000 - \$99,900 combined securities and insurance commissions and advisory fees during the qualifying period receive a one night stay at the Seaview compliments of the firm.
- All travel expenses are the responsibility of the attending APFS colleague.

*If you have any questions regarding the 2007 National Conference, please contact Dean Bruno at ext. 138, Melissa Wade at ext. 117, or Ethel Valentino at ext. 107.*

employee of the quarter:



## amy cintorino

Gibbs Business School, Amy works as a compliance and securities licensing associate at American Portfolios. In this role, she handles and processes all NASD and state licensing/exam requirements for new and existing affiliated reps. She monitors incoming transactions against state licensing data through the firm's surveillance system and, in addition, is responsible for the administration and coordination of the firm's required online continuing education program for securities.

When asked about the best part of her job, Amy says, hands down, dealing with the people. "I love everyone here. I love meeting new people, talking to new people, everything." And people love her. When asked about Amy, Frank Giacchetto said, "Amy is a very conscientious worker and an extremely nice person. It is a pleasure and privilege to have her as a team member in compliance." In addition, CEO Lon Dolber said "Amy always has a smile on her face. She has a positive mental attitude and sets an example for others."

Ask Amy why she enjoys coming to work everyday, and she'll tell you it's because of the positive energy that comes from APFS. "The company atmosphere here is great. I want to be here a long time." Looking forward, Amy plans on getting her Series 7. "It's important that I get it so I can learn more about the business. It would be beneficial to me to have that background. I'd like to get my 24 eventually, but that's way down the road."

Outside of work, Amy is kept busy with her four year-old daughter, Emma. "She's my best friend. We go to the mall together, the park, the movies and every night we watch Curious George together on the couch!"

Congratulations to Amy, our first Employee of the Quarter.

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CONGRATULATIONS TO STAFF MEMBER AMY Cintorino for receiving the first employee of the quarter award for 2007. On Friday, February 9th, CEO Lon Dolber presented Amy with the award before her fellow friends and colleagues.

Amy came to American Portfolios in 2005 as a temp for AP Advisors President Tom LoManto. In only two years, Amy has landed a permanent position in the compliance department working with Frank Giacchetto, Martin Wendel, Joe Remia and Barbara Rovtar. A graduate of the Katherine

from the managing editor:

# to see a world in a grain of sand, and a heaven in a wild flower, hold infinity in the palm of your hand, and eternity in an hour.

– William Blake

I REMEMBER 80 ORVILLE DRIVE. It was the location of the first American Portfolios office. A rickety beige divider separated the room shared by the only three people in the company. Gary Grappone got the front. My dad and Ethel Valentino split the back. The office was the equivalent of a dank cave; no windows and a funny smell that permeated the hallway the way mist slips over a cauldron. In fact, bats nested under the desks... and by desks, I mean pieces of plywood supported by cement pillars. Ok, it wasn't that bad, but compared to the current APFS home office that sits across from Long Island's MacArthur Airport, 80 Orville was the proverbial black hole.

When looking for a new location, there were numerous buildings to choose from

## i learned about tradition and i learned about risk.

along Veterans Memorial Highway. But my dad was adamant about moving to 4250. He saw the opportunity to advertise to thousands of travelers who would fly by the building and see the electric blue APFS logo hanging on the concrete exterior.

At 4250, every office has interior floor to ceiling windows that allow light to pass into the hallways. While the offices facing west overlook magnificent Long Island sunsets, the offices facing north have the luxury of watching the planes. The building overlooks the landing strips and if you

watch long enough, you can approximate arrivals and departures. Every now and then the planes fly low enough and cast a shadow that's comparable to a solar eclipse. Somehow, the proportionally smaller plane positions itself some perfect distance from the sun, blocking its rays from hitting the ground below. The shadow approaches, slowly at first and in the outline of the plane, pausing for a second before it hits. It comes over, casting a gray wash over the land in a great "whoosh," only to move out double time, leaving daylight in its trail. It's beautiful.

All too often, the journey is forgotten. All too often, the journey isn't appreciated. The Blake quote is a reminder that everything begins as a possibility - that there is a world of possibilities. The journey is the conceptualization of that possibility and the steps taken to see it through.

I had the fortunate opportunity to witness the journey of American Portfolios, to watch its evolution from a single office, to a living, breathing self sufficient entity. I learned about tradition and I learned about risk. I watched as ties to First Investors, the company my grandfather worked for his entire life, were cut, as convention was broke, and the future of many people was bet on an idea.

While the journey extends far beyond the physical, beyond simply moving from office to office, it's ultimately about having the vision, the competence in discernment or perception to see what could be from a tiny cramped office or a single grain of sand. The vision that is now reality, a world

in his mind's eye of people flying, driving, taxing in and out of offices and corridors – the comings and goings, a constant non-stop flow that passes through entry gates, bringing life to a place like blood, pumping, flowing through veins in a body breathing life into what is now American Portfolios.

It is an honor to be part of this community. I look forward to getting to know you, to rolling up my sleeves and diving head first into this dynamic culture.

Sincerely,



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view from the field:

# intergenerational planning

By Marjorie Golder and Bradford Golder

WHETHER YOU ARE SITTING OR STANDING, it surely affects your view from the field. The landscape, just like our perception, changes on a daily or sometimes an hourly basis. We are dynamic folks, constantly evaluating and reexamining our perceptions. No two days are ever alike. So, when we were asked to share an aspect of our practice in the field, we thought we would like to be helpful and share some of our insights that might bring you to say "ah ha!" As one might expect, many experiences came to mind.

One perception that has been a central theme in our practice is that intergenerational planning is essential. We are intergenerational ourselves; a mother and son working together. Our book is aging, having babies, sending children to college, planning weddings and unfortunately, also dying. As we meet with our clients for reviews, it gives us the opportunity to introduce them to intergenerational planning. We have developed an extensive

## another excellent way to establish inter- generational relationships has been our client appreciation day.

worksheet that we go over together. It asks clients to indicate the names and numbers of all the important people we should know about. We review beneficiaries each time we meet with clients to ensure everything is up to date. We encourage the next generation to be involved and informed, not necessarily about the size of the portfolio, but more importantly about the goals, the planning process and our long term relationship with the family. Each client has a different view about what their "kinder" should know. However, we encourage as much disclosure as possible within the client's comfort zone.

It is important that we be the first call. We want to be that person. It is our obligation

to make sure that we try to meet and get to know the next generation that will inherit the accumulated wealth of parents and grandparents.

In addition, by recommending estate planning attorneys, we are kept in the loop with new documents and recommendations about long term health care or life insurance. In fact, on several occasions, clients have invited us to these outside meetings. We have found that many attorneys encourage the client to disclose certain items to the children.

Another excellent way to establish intergenerational relationships has been our Client Appreciation Day. For the past 11 years we've held a luncheon which has been extremely successful. Each year we select a theme such as, "You Must Have Been a Beautiful Baby". We asked clients to mail us baby pictures that we mounted on pin boards and placed on easels. Everyone got involved in figuring out

We have as many as 80 clients who look forward to this event and purposely plan their trips to the sun to coincide with the party.

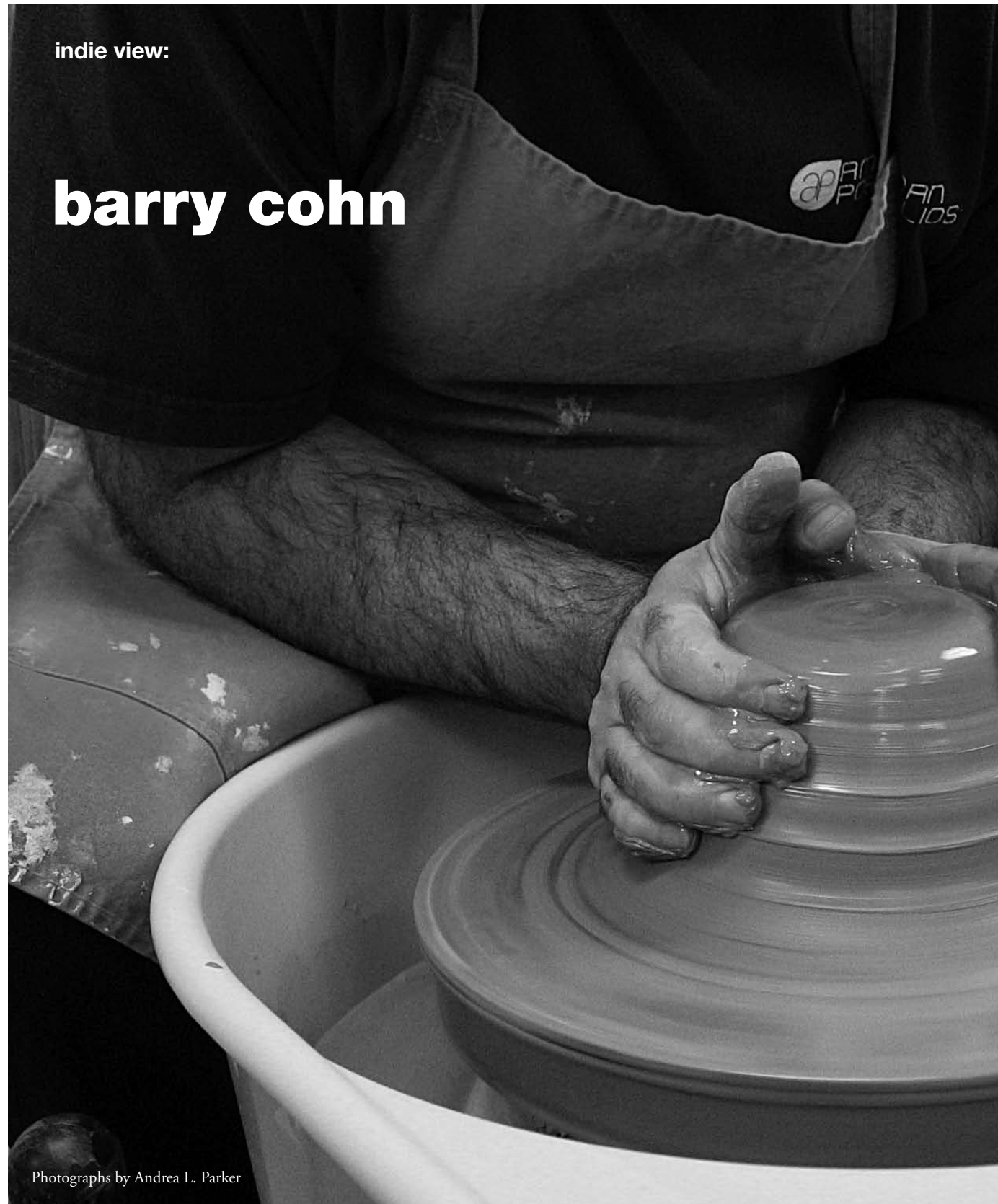
Intergenerational partnering has enabled us to begin to transition many of our older clients to the younger partner. It has been our experience that many referrals from parents and grandparents follow, making the continuity of intergenerational planning a reality. This is beneficial for everyone; for us as advisors and planners, but most importantly for our clients who are pleased and relieved that their children can continue to build a relationship with an interested and competent person.

We know that you may know all of this. Our hope is that perhaps by sharing this, a germ of an idea may spark other new and wonderful ideas that will not only enhance your practice, but will also encourage you to share them with us in future editions of *FREE*.

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indie view:

# barry cohn



Photographs by Andrea L. Parker

# Q & A

HE'S A MOLDER AND A SHAPER IN more ways than one. He built up a client base from nothing, had a hand in forming the APFS Bond Portfolios online service, and in his free time, spins a mean pottery wheel. Here's what Barry shared with *FREE*:

***FREE:* So how long have you been affiliated with American Portfolios?**

***Barry Cohn:*** I have been with the company since 1999, seven years. I knew of Lon through conferences and conventions at First Investors. But the first time I actually met him was at a Christmas party for Oppenheimer Funds. We started to talk to each other because we were both in the midst of a transition in our careers. I still have his actual business card with a note that says, "Call me." I finally did when his father, Hy Dolber, Senior Vice President of the marketing division



## it's very fruitful because when clients know you're doing a good job for them, they're appreciative and will refer you to their family and friends.

for First Investors Funds, called me to say his son was creating a new company and that I might want to hear about it. This was back in 1991. We started having conversations about affiliating with Nathan & Lewis, his B/D at the time, but most importantly, affiliating with the American Portfolios name. When I met Lon, he already had some brokers. I trusted Ron Bergmann who was already affiliated with APFS. I trusted his judgment.

### FREE: Who was around back then?

COHN: In terms of staff, APFS only had four people working in an executive office space at 80 Orville Drive, down the block from the home office here. There were about twelve or so reps who took space there too, and so I shared an office with one of them. Once I was set, I recruited one of my colleagues, Curt Mazer, to move over. Soon, the wheels were really in motion to create an independent B/D. Lon asked if I knew anyone who could head up compliance, and I recommended Frank Giacchetto who worked as the compliance officer for my previous firm. He ended up coming over too.

### FREE: In what ways have you seen the company change since those days?

COHN: It has grown tremendously due to Lon's leadership and vision. At APFS, Lon offers everyone equity in their own practice. We're all partners in this business. He provides an environment that allows us to offer our clients products that are best suited to their needs and personal goals. We don't have to worry about prefabricated investments being forced on us. It's the best environment I've ever experienced in my career.

### FREE: Did you ever imagine the company would be this successful?

COHN: When I first met Lon, I could see his vision, and I felt it was going to be what he said. I wanted to be part of it. I felt it since day one. Lon's honest and straightforward. People are attracted to him. In all honesty, he's changed my life and my family's life for the better.

### FREE: So let's talk about your business. I understand bonds are your specialty?

COHN: Yes. It's an area I got interested in when I came over with Lon. I wanted a site where I could research bonds myself. Lon wanted to know if I would start up the Bond Portfolios online service for the company and then be available to help reps in the field select fixed income instruments for their clients. So I did. I started researching companies with which we could affiliate. Bond Portfolios is a tool for brokers to buy a CD, treasuries, corporate and government bonds, new issues, direct access or inter notes, etc. Brokers can also use it to sell a bond for a client. We are very competitive with pricing because we have a wider range of dealers that are bidding on the bonds. Speaking of Bond Portfolios, there's a new feature we just added which allows you to make a bond ladder with all types of bonds. Now a broker can do a mixture of bonds and effectively illustrate clients' income stream, weighted average maturity and quality of the bonds. It's a really nice feature. I'm always looking to update and improve the system.

### FREE: What's your typical day like now?

COHN: I speak with brokers that need advice about bonds. I look forward to these calls because coming up with new ideas for brokers is exciting. I also speak with my own clients, and I manage reps.

### FREE: Do you enjoy managing?

COHN: Very much. I'm a people person. It's one of my strong points. I'm good at sizing up situations and getting to the crux of a problem. I think this business is all about relationships, whether it's about clients or brokers or other managers. I enjoy coming to work and doing what I do.

### FREE: And working with your clients?

COHN: Some days are stressful and the markets don't always cooperate. It's always a challenge to explain to clients what's going on. But in the end, it's all very rewarding. It's very fruitful because when clients know you're doing a good job for them, they're appreciative and will refer you to their family and friends.

### FREE: How do you balance your personal practice and working with the reps?

COHN: If a broker comes to me or calls me about something, I'm available to help them. It can be a struggle to balance though. I try to allocate time for each. At APFS, I can take non-market critical work home by going online and blottering business, adding NAF's, approving NAF's and reviewing trades as a manager.

### FREE: So is it the STARS system that has helped you with this?

COHN: Yes, STARS allows me to manage my workload. It's a good system. The more I use it, the more I become comfortable with it. I know one day I'll be thanking STARS for giving me the heads up on something that could have been a potential problem.

Technology is a big part of our company; it's the heart. Years ago, it took hours to do a consolidated client report. Now, I push a button and I have it in seconds. It's a valuable tool. My clients love it too.

### FREE: What's it like being in a branch office that's onsite to corporate?

COHN: I think it's great. There's real value in it. I can go right to the source, and that's very helpful in resolving situations immediately. It's very business like here, very professional. Everyone is upbeat. When Lon has something new, he rolls it out to us first. I would say that if brokers on Long Island wanted to find a new B/D to affiliate with, this is the place to be. We are a perfect fit for a broker who is living in close proximity to the Holbrook complex, who wants to hang his



own shingle. Think about it...We can teach him all the systems and introduce him to all the people who service him and his business. He can see the culture, even become part of it. When you are truly independent, you have to pay rent, your own phone, office supplies, licensing fees, etc; this is the best deal, because I am offered the opportunity to build my own successful business.

### FREE: Is it true you walk around the perimeter of the APFS corporate complex about four times everyday with IT Manager Colin Ramroop?

COHN: That is true! I also walk in the morning at home. It's a power walk. I think about what I have to do that day. It helps me clear my head. I have to stay healthy. I have young kids, and I want to watch them grow up.

### FREE: Tell me about your pottery studio.

COHN: That's my hobby; that's my love.

I ran into my 3rd grade art teacher when I was in my twenties and started going to his studio to learn pottery, which I really enjoyed. Due to the passing of my friend and mentor, I was asked to continue his work and keep his studio in operation. I teach about a dozen students now. Currently I'm working on a piece, a mixture of red, brown and white. I put it all together and it looked great. I like to push myself to the limit, go as far as I can with a piece. You know, to take a lump of clay and mold it into something that can be used is beautiful. It's as challenging as working with a client and reshaping their investments in an effort to create a well balanced and well structured portfolio that meets his or her objectives. That's satisfying to me.

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rep feature:

Follow the staccato sound of steel horns blasting jazzy beats through the cobblestone alleys of downtown Denver. Round the corner of a turn of the century redbrick building and continue up to a high ceiling loft overlooking the sun setting on the Colorado Rockies. Welcome to Strategic Capital Management, an affiliated practice and OSJ of American Portfolios managed by 35 year-old:

# \* kris tower.



BORN INTO A BIG FAMILY IN A LITTLE MONTANA FARMING COMMUNITY, KRIS knew he wanted to be in the financial service industry. But after graduating from the University of Wyoming, he had a hard time connecting with a brokerage firm whose interests aligned with his own. The wire house mentality and his didn't mesh from the beginning. →

Unlike many young professionals starting out in this business, Kris knew that he needed independence. He didn't want to be constricted by product pushers and name brands. He needed to be in an environment that provided him the autonomy to make the right decisions for his clients' needs. Not to mention, he wasn't satisfied with the firms he was looking at because most were primarily transactional based. He needed a B/D that would support his fee-based business model.

Initially, Kris had mentored under a broker who had a unique knack for servicing and managing clients' assets. Over time, he was lucky enough to inherit some of his business.

"I did a good job with those clients and that spread through word of mouth. When you do good work, people introduce you to other people."

And that's just how he found out about APFS. After speaking with a friend, Kris was put in touch with CEO Lon T. Dolber, and the rest as he says, is history.

Supervised by Robert Bartolotta, Kris admits that it's the APFS technology that allows him to have a smooth functioning relationship with his Rochester-based manager. The same applies to his relationship with the home office.

"I try to have at least 2,000 miles between me and any compliance department," he says with a laugh. "Really, I only notice the difference between me and my affiliated colleagues when we attend conferences, conventions and things. The people who are closer to the home office get to see each other more frequently, which helps facilitate a faster adoption of things. Overall there's not too much of a delay. It's a testament to how well the people at APFS communicate. It's really no problem getting in touch with people and staying connected."

Like many reps affiliated at APFS, Kris has a practice that caters to his lifestyle instead of the other way around. Four years ago, Kris and his business partner, Tom Nazarro, moved to their 1865 loft-turned-office, one of the few that survived the urban reconstruction that had "wrecking balled" many historical buildings in Denver.

## "i try to have at least 2,000 miles between me and any compliance department," he says with a laugh.

"There were start-up businesses that failed, so there was all this space available at fantastic prices. We were very fortunate. People on this same block are now paying considerably more rent than we are. This location is very accessible, just ten minutes off the interstate, which is nice because our clients are spread throughout the metropolitan area."

As a CFP, Kris provides comprehensive financial planning to his clients, something that he believes many firms promise but few deliver.

His advisory business manages the domestic large cap and fixed income portions. They use ETFs and outside managers to round out the rest. But what's unique about his business is his use of alternative investments.

"Our clients already have significant exposure to traditional asset classes. At their urging, we've found them alternative investments."

One of these investments is Medical Capital, a collateralized private placement note that pays various spreads over prime dependant on maturity. The pair heard of it through a contact in the industry, did due diligence and started participating.

"We've teamed with local firms in the insurance, legal and accounting fields to provide our clients with a true wealth management solution. We believe in trying to align our interests with the client's. We make decisions that allow people to sleep at night."

Looking to the future, Kris wants to expand his OSJ slowly, but surely.

"If I'm going to take someone on, I have to have confidence in their principles and in their work ethic to want to go through the rigmarole of supervising them. There are a lot of part-time advisors as opposed to full-time; those are the kind of people I don't want working for me. We want people who want to work, people who want to grow their business."

Outside of his business, Kris is a typical Coloradoan.

"It's a rare weekend that I'm not up in the mountains at least one day if not both. Most of my friend's lives revolve around the outdoors, snowboarding and skiing."

It's not uncommon for Kris to head directly to the slopes on a Friday afternoon. The freedom to dictate his own schedule and operate freely allows him to lead the life he wants to live. And unlike many professionals, this is one person who doesn't conduct business on the ski lift. His spare time is his own.

"The mountains are my sanctuary. That's where I go to get away from it all."

Yet sometimes the slopes are not so tranquil.

"I just had to have a couple stitches put in my face because of a collision. I flung myself off a cliff and didn't stick the landing; a combination of too much speed and too much testosterone."

Sometimes the trajectory of our propulsion can land us face first in unknown terrain. But however compulsive or daring Kris is on his board, he has managed to stick the landing on all his business endeavors. As a young man who has ridden his own path towards independence, the future of Kris Tower is a promising one.

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# kilimanjaro



Kilimanjaro is a snow capped mountain, the tallest freestanding peak in the world. Its summit is seen by a select few, those brave enough and willed enough to trek its top and encompass the view. In January, CEO Lon T. Dolber, in conjunction with World Team Sports, traveled to Africa as a climbing coach to help seven amazing athletes tackle this great mountain. We present to you his pictures from this immeasurable feat.





# make a difference. become involved.

## *Involvement in Industry Associations is Key*

Frank A. Tauches, Jr., President

IN THE FIVE SHORT YEARS SINCE THE CREATION OF OUR B/D, AMERICAN Portfolios has actively been involved with industry associations that benefit the firm and its affiliated representatives. Two such organizations the firm has taken a particular interest in are the Financial Services Institute, (FSI) and, most recently, the Wealth Advisors Institute, (WAI).

FSI was established in 2004 as an advocacy organization to represent the independent viewpoint to legislators and rule makers of enforcement entities in our industry. While independent B/Ds and financial advisors represent more than 25% of the industry, our business model's viability is still being questioned despite supervisory and compliance enhancements made over the last few years.

APFS has been a member of FSI since its inception, participating in their annual B/D conferences held in January, web conferences scheduled throughout the year and Public Policy Day on Capitol Hill every fall. In 2006 alone, FSI had influence in the NASD, electing an independent representative, CEO of ING Advisors Network, John Simmers to one of their Board of Governors seats. John is an excellent choice for the position. I worked with him at FNIC, and he will represent the independent B/D community very well. He also started his career at

## it's time that we all take a part in carving out the destiny of our firm and practice.

the NASD so he brings that added experience to the table. FSI also provided extensive input in curbing overly excessive regulations on SEC examination and inspection programs, the variable annuity rule and disclosure requirements on the sale of 529 plans. This past January, I had the privilege of being a panelist for a discussion group on regulatory hot topics at FSI's B/D conference. Many, including myself, came away with stimulating interchanges regarding a host of issues, namely: 1) NASAA's guidelines for DPP suitability, 2) SEC's point of sale proposal, 3) the Massachusetts prohibition on use of senior designation titles and 4) NASD's proposal on gifts and business entertainment.

Most importantly, in 2005, I along with several other members in B/D executive level management positions made strong recommendations and got FSI board members to change its policy, allowing individual financial advisors to become members. This means not only the voices of independent B/D heads will be heard but your voice as well.

Not unlike FSI in its directive for advocacy and bringing together alliances of common interests, is the recently established organization called the Wealth Advisor Institute, (WAI). The organization supports the increasing demands of financial professionals to provide sophisticated comprehensive planning needs for the growing number of affluent investors. WAI has a multi-disciplined membership alliance of investment advisors, accountants, insurance agents and attorneys who network and collaborate with one another. The organization provides quarterly webinars, conference call series, access to tools and information, networking events and advisor symposiums throughout the year. Of particular interest to APFS is the group health insurance benefits offered to all of its members. This is an important development for professionals in our business who, by virtue of their independent status, have difficulty finding affordable health insurance benefits for themselves and those working in their practices. APFS has become both a member and sponsor of WAI and is extremely excited about participating in those initiatives set forth by the institute in response to growing industry trends.

APFS continues to explore membership and sponsorship opportunities that will support the firm and its affiliated professionals.

If you would like to learn more about FSI or WAI, please refer to their respective websites at [www.financialservices.org](http://www.financialservices.org) and [www.wealthai.com](http://www.wealthai.com). You can also contact Corporate Communications Director, Melissa Grappone (ext. 108) about membership opportunities in either one of these institutes. Please feel free to call me (ext. 206) about further details on FSI's advocacy efforts. Fellow colleague and WAI board member, Tom Froehlich is an additional point of contact regarding this specific institute. He can be reached at 732.974.3770. His efforts have been instrumental in building this relationship and we thank him for that.

It's time that we all take a part in carving out the destiny of our firm and practice. Make a difference. Become involved.

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# the idea that became a reality

## *Insights from Corporate Communications*

IT STARTED BACK IN LATE 2005; A CONFERENCE room serves as a temporary makeshift studio to push web streaming content to its customers. A single stationary video camera is rigged from the ceiling capturing the occasional scheduled event in its viewing lens. One year later, the expansion of office space affords some square footage in the construction of a fully operational digital production studio; when finished, it comes fully equipped with three high definition Sony cameras, independent sets for news reporting and one-on-one interviews, a video switcher, professional lighting and audio, monitors, teleprompters and a full editing suite of software that can produce DVDs. Eight months later since the project for an in-house production facility began, the studio has produced over a dozen interviews covering a range of topics such as alternative and hedge fund investing, alternative minimum tax laws, estate planning tips and identity theft, just to name a few. Add to that the production of ten bi-weekly news programs reporting company and industry related issues. What you have is a viable, integral communications resource for the firm. What you have is Studio 454!

American Portfolios is driven to find alternative and efficient ways to communicate with its affiliated representatives, the customer. Studio 454 is an example of how the firm strives to think outside the box. Few if any broker/dealers in the industry have taken this digital video-streaming technology to such an extent. Born out of an idea from CEO Lon T. Dolber, then facilitated and encouraged by partner, Mainstay Funds, who orchestrates arrangements for tours of their parent company's (New York Life), in-house production studio, the notion becomes a reality.

This full broadcast facility directed under the Corporate Communications umbrella and operated by Production Coordinator, Becca Dolber and Media Operations Coordinator, Tony Saccoccio, is in high gear now, churning out live and/or edited on-demand content for the web on investment, financial planning, practice management related topics and the occasional human interest story outside the financial landscape. Studio 454 hosts its flagship news program, *The American Perspective*, with APFS staff members Theresa Sarro in Transitions and Jared McGill in New Accounts volunteering their time as co-anchors for the program. The recently developed Studio 454 environment, located in the Rep Services section of the APFS website, provides an all-in-one tool to allow viewing of all produced videos, search functionality based on specific topics and a viewing calendar of previous and upcoming events.

We welcome your input for future programming ideas. During your next visit to the home office, remember to schedule a tour of the studio with Production Coordinator, Becca Dolber.

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# 2007 starts strong with osj managers meeting

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APFS PUNCHED OFF THE MARK STRONG THIS YEAR WITH THE HIGHEST turnout ever of OSJ Manager attendance at the Annual Managers meetings held on the 11th and 18th of January. These meetings gave APFS staff members and management an opportunity to touch base with OSJ managers, introduce plans for the new year, and address business concerns that fell short in 2006. Business and B/D related issues were addressed in an open exchange between attending managers and corporate staff members.

The prior evening kicked off the event with the gathering of colleagues in a laid back, loose tie setting over dinner. The following day commenced with a corporate overview by APFS President Frank A. Tauches, Jr., which lead into an in-depth STARS review by CEO Lon T. Dolber and New Accounts Supervisor Jared McGill. When asked about the value this kind of meeting brings, OSJ Manager Jack Butler of Middleburg Heights, Ohio commented, "The APFS Annual Managers Meeting is one of the most informative and relevant gatherings of the year. It was refreshing to hear Lon emphasize that the B/D model at APFS is principal-driven. The meeting reinforced how APFS provides the technologies, the tools and the content for us to utilize in the field and does not stand as a gatekeeper."

Throughout the meetings, managers were presented with reviews on compliance and registered investment advisory issues. Specific compliance issues for discussion dealt with rules surrounding electronic communications to the public, contact with the media, public speaking engagements and cold calling. On the advisory side, APA President Tom LoManto and Advisor Compliance Associate Joe Borriello rolled out the new allocation master program through Sungard. Many were also glad to hear that management was considering shortening the annual investment advisory conference to a half day.

One of the main highlights of the meetings involved unveiling the company's succession planning program. Frank Tauches reviewed documents regarding business interruption, business transition and succession planning. Managers engaged Frank in a plethora of questions pertaining to the program, eliciting in-depth discussion about succession planning strategies.

The meeting was topped off with a Q & A session among managers and APFS staff members, which included a tour of the new corporate complex. Stated Wayne Schuman, OSJ Manager in Bloomington, IN, "One of the most beneficial things about the APFS Managers Meeting is the opportunity to meet directly with the APFS staff. There's always something new to learn when I visit the home office. Being able to preview what's happening with technologies like STARS, four, five, even six months down the road is valuable to me."

Footage of the event can be viewed in the second episode of *The American Perspective* posted in Studio 454's viewer guide on January 22nd.

My staff and I were pleased with this rare opportunity to have some face-to-face time with our frontline supervisory support. We look forward to supporting and working with managers and reps throughout the year.

# extending non-qualified annuity assets

Catherine L. Venard, JD, CLU  
Director of Advanced Sales  
Nationwide Financial Services  
World Headquarters, Columbus, Ohio

AN EXTENDED NON-QUALIFIED ANNUITY STRATEGY CAN PROVIDE AN EXTENSION OF TAX deferral and allow for a more tax efficient transfer of assets to multiple generations. The strategy should be discussed with those contract owners who plan to pass their annuity to heirs. Additionally, there are creative features that can be utilized to help ensure the client's goals are met, such as restricted beneficiary options and successor beneficiary designations.

Upon death of the annuity owner, the Internal Revenue Code (the Code) requires a distribution. How distributions are made depends on whether the death of the contract owner occurred before or after the annuity starting date (i.e. annuitization date). If the contract owner dies before the annuity starting date, the entire contract value must be either (1) distributed within five years of the date of the owner's death; (2) distributed over the beneficiary's life expectancy, or a period not extending beyond the beneficiary's life expectancy; or (3) annuitized based upon the beneficiary's life expectancy or a period not extending beyond his or her life expectancy. For both options 2 and 3 above, payments must begin no later than one year following the owner's death.

There is a spousal exception which allows for an additional option available only to a surviving spouse. The spousal exception states that upon death of the contract owner, if the surviving spouse becomes the contract owner, he or she may elect to continue the contract. There are no tax consequences if the spouse elects to continue the contract.

If death of the contract owner occurs after the annuity starting date, any remaining payments must be made at least as rapidly as prior to the death of the contract owner. In other words, the payments (if any are remaining) may continue on the same schedule, a shorter (faster) schedule or as a lump sum.

Because the Code forces a distribution upon death of contract owner, it is important to remember distributions must begin within the appropriate deadline unless the spousal exception is applicable. It may be necessary for you to assist the beneficiaries after death of the contract owner in making a distribution election.

For those contract owners who desire control over the ultimate disposition of assets, a restricted beneficiary option should be discussed. The restricted beneficiary option provides your client with the ability to determine how the variable annuity assets will be distributed at death and may help you to retain the assets (and clients) for future generations. An example of a restricted beneficiary option established by a contract owner may include a partial restriction whereby a portion of the death benefit amount is paid in lump sum to the beneficiary, while the remainder is restricted and paid over the beneficiaries lifetime. The restriction permits the contract owner to designate how the death benefit proceeds are distributed. When multiple beneficiaries are named, the owner can elect a restriction for each beneficiary, thereby customizing the restriction for each beneficiary. The restriction provides the owner control and peace of mind while helping to ensure the death proceeds are distributed per their wishes. It is important to note that a spousal beneficiary has the right to reregister the contract regardless of the beneficiary designation restriction elected. Additionally, federal tax laws are complex and subject to change. Neither the company or



Investments Retirement Insurance

its agents or representatives give tax or legal advice. The client should consult with their attorney or tax advisor for specific answers to any tax or legal questions.

A successor beneficiary option is important when an extended strategy has been established. A successor beneficiary continues to receive the distributions of the original beneficiary in the event the original beneficiary does not reach full life expectancy. For example, assume that the owner named his son as beneficiary. Upon the owner's death, the son begins to receive distributions based upon his life expectancy. If the son does not reach full life expectancy, the son can designate a successor beneficiary who continues to receive the distributions based upon the son's remaining life expectancy if he had lived. A successor beneficiary provides flexibility to help ensure the ultimate disposition of assets meets the client's objectives.

Different carriers offer various features, and it is necessary to determine what options are available to your client.

In conclusion, extending annuity assets after the owner's death provides an opportunity for beneficiaries to ease tax liability. There are important deadlines that must be met, and your assistance will be critical. The restricted beneficiary option may provide clients with the added control over the ultimate disposition of the annuity assets. Lastly, the successor beneficiary designation is important when establishing an extended strategy and can permit the annuity payments to continue even upon premature death of the original beneficiary.

*To learn more about how distributions can be structured or our restricted beneficiary option, please call the Nationwide Financial national sales center at 800-321-6064.*

Nationwide Investment Services Corporation,  
Columbus, Ohio, member NASD.  
NFM-4174AO (12/06)

# economic and market commentary

by Managing Director, Ron Chakler

AS OF FRIDAY APRIL 25, 2007, THE MARKET has been up 15 out of 16 consecutive trading days. And yet more than 60% of the American Association of Individual Investors' (AAII) surveyed members are bearish or neutral on the market during the next six months.

In the meantime, oil and natural gas prices are up, with \$3-per-gallon gasoline prevalent throughout the nation. Although this should take consumer spending to lower levels, it has not been the case as of yet.

Wall Street is looking for average 3% earnings growth in the first quarter, while earnings growth announced so far has averaged more like 8%.

While first quarter U.S. GDP growth is in the area of a 1.35%, the GDP growth rate in Europe and the U.K. is higher than in the United States, and the Asia/China/India region (more than 2 billion people) is expected to come in closer to 9% year-over-year growth.

After surviving a 400 point drop in the DJIA in February of this year, the underlying fundamentals of the stock market and the economy are too much to bet against. One only has to look at the "mergers-and-acquisitions/price-to-earnings ratio buyback put" which places a bid into the market on any meaningful pullback. Some of the most salient features to keep in mind at this point in time are:

1) \$1 trillion of private equity/debt capital needs to be put to work in the very near future. The amount of stock in the United States is shrinking.

2) \$600 billion in stock buybacks are on track this year, with maybe \$50 billion in new IPO stock coming onto the market.

3) More than \$500 billion in mergers and acquisitions are on track, which means more market shrinkage. And yet U.S. economic fundamentals continue to be misunderstood.

The bottom line is quite simple: The American stock supply is shrinking as earnings growth lowers P/E ratios and investable liquidity continues to grow globally. That's a compelling formula for higher stock prices.

Stock prices are especially destined to explode as real growth stocks ride the global growth waves. Going forward, it appears as if cyclical stocks will NOT keep up with genuine growth stocks. In fact, we are at the earnings-per-share trough of the expansion cycle this quarter and the next – and the bears are just figuring this out.

Remember, high energy prices could be a potential problem here, but again, \$3 gasoline has not hurt consumers as much this time around. Maybe those who were price-sensitive bought energy-efficient cars in the last two years? If Toyota sales are any indicator (up 12% year-over-year, versus GM, Ford and Chrysler down 12%), it sure looks like American gasoline buyers have awakened to the fact that they can cut their gasoline costs 50% by simply moving from a 15-mpg vehicle to a 30-mpg one.

We also shouldn't forget that U.S. exports are up 14% year-over-year thanks to the U.S. dollar correcting to a more sensible level than during the bull run of the '90s. American exporters of everything other than cars are doing great.

The 4.4% unemployment rate does not tell the real story either. More than 98% of workers with four years or more of college are employed – that's a world record. These workers account for more than 75% of total

income earned, 80% of taxes paid and 95% of wealth owned in the United States.

Not so much for uneducated American labor, which is (a) going to Latin America because of 600,000 construction job losses (all you have to do is track cash remittances back to Latin America – down \$600 million in Mexico year-over-year, down 20% in Brazil, 25% less being sent to Guatemala and Ecuador, etc.); (b) getting bought out of unsustainable union labor jobs; (c) competing with global labor costing up to 90% less; and/or (d) moving to places where jobs are prevalent in the United States – and leaving the Rust Belt.

In the meantime, the subprime fiasco has bottomed and the lenders are rapidly reworking loans – Freddie Mac is rewriting \$20 billion of the worst loans, and then Fannie Mae, with big lenders like Washington Mutual up next. Plus the big financial players are buying the paper at 50 cents on the dollar and are set to make killings as short-term rates come down a bit and foreclosures bring housing prices back down to Earth in the fastest-growing areas of the country.

Again – the pessimists simply DO NOT understand the incredible speed of the no-border capital markets. What used to take years now takes mere months, with opportunity-driven money swooping into every financial disaster, wherever it occurs, and cleaning up the messes – now even in Japan!

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*The views in this commentary do not necessarily represent those of the firm and are not intended as specific investment advice.*

# registered representative survey conducted for apfs

Conducted and Prepared by Harvey Research, Inc.

*We received excellent participation from fellow APFS colleagues who responded to the online internal survey conducted early in February. The high level of responses allowed for a greater degree of confidence in the results. I thought it was important to share with you – at the very least – the executive summary prepared by the research firm. The advisory board members and APFS executive management team are using the information to make meaningful changes that will benefit you and your practice. Thank you for your cooperation! –Bob Bartolotta, APFS Advisory Board Chair*

## INTRODUCTION AND OBJECTIVES

Harvey Research, Inc. was commissioned in February 2007 to conduct a study for APFS. The objectives of the study were to determine the thoughts and opinions of APFS representatives as they relate to APFS as a B/D.

The study was conducted online. The universe measured in this study was derived of APFS representatives. In this case, the statistical information within the report based on all respondents may be accepted as accurate within a tolerance of  $\pm 5.9$  percentage points at the 95% level of confidence.

## EXECUTIVE SUMMARY

### 1.

THE AVERAGE RESPONDENT HAS been with APFS for 3.2 years.

### 2.

RESPONDENTS WERE ASKED TO rate a number of components of the back office support they receive from APFS. A listing of each component rated Excellent or Good, as well as if the quality of the support received increased or decreased in the past 12 months, among respondents with direct experience with the components is listed in Table 2 on page 21.

### 3.

WHEN ASKED TO RATE AREAS of back office support being considered for enhancements using a scale from 1-4, where "1" is the area that needs improvement the most and "4" is the area that needs improvement the least, Improving Communications Between Back Office Support Staff and APFS Rep Affiliates received an average rating of 2.3, followed by Expanding Knowledge Base of Back Office Support Staff (2.5), Improving Response Time for Problem Resolution (2.6) and Added Procedures for Minimizing Processing Errors (2.7).

### 4.

RESPONDENTS WERE ASKED TO rate a number of areas of training they receive from APFS directly or through the coordinated efforts of its outsource providers. A listing of each area rated Excellent or Good, as well as if the quality of the training received increased or decreased in the past 12 months, among respondents with direct experience with the areas is listed in Table 1 on page 20.

Nearly half (48.5%) of all respondents indicated Practice Management as an area they would like to see APFS offer additional and/or enhanced training in, followed by Web Services (i.e. Cash Edge, Morningstar Workstation, etc.) (42.3%), STARS (31.9%), Clearing Firm Systems (29.4%) and General Product Education (28.2%).

**SURVEY CONTINUED**

**5.**

WHEN ASKED TO INDICATE HOW HELPFUL marketing initiatives would be to them, 66.7% of respondents indicated that to provide on the APFS website a summary of marketing materials available through different product vendors would be Very Helpful/Helpful, followed by additional APFS branded marketing materials and promotional items (38.2%).

**6.**

WHEN ASKED TO RATE THEIR INTEREST IN APFS branded marketing pieces, 56.4% of respondents indicated Basic Planning Tips for Wealth Accumulation, Retirement and College Savings as Very Interested/Interested, followed by General Product Fact Sheets (52.0%) and Vendor and Clearing Firm Relationship Explanations (48.6%).

71.6% of respondents rated the communication they receive from APFS regarding the products and services available to them as Excellent/Good.

95.2% of respondents feel their independent B/D plays some role in their success.

**7.**

WHEN ASKED TO RATE THE EXTENT TO which they agree or disagree with statements regarding APFS, 93.9% of respondents indicated they Agree Strongly/Agree/Agree Somewhat with “I am satisfied with my relationship with APFS,” followed by “APFS has struck a good balance between meeting heightened industry regulatory requirements and serving reps” (93.2%), “APFS is a premier independent B/D” (92.6%) and “APFS offers competitive advisory and fee-based programs” (92.1%).

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*Table 1*

Training	Increased	Increased	Decreased
APFS Website and E-mail Services	71.5%	19.3%	3.5%
Clearing Firm Systems	55.6%	9.7%	2.9%
Commissions Systems	71.2%	9.9%	0.0%
General Product Education	46.0%	6.4%	3.7%
Practice Management	40.7%	8.5%	5.7%
STARS	70.8%	35.4%	4.4%
Web Services (i.e. Cash Edge, Morningstar Workstation, etc.)	50.6%	18.0%	6.4%

*Table 2*

	Excellent/Good	Increased	Decreased
<b>Licensing, Appointments and Approvals</b>			
NASD and State Licensing Requests	97.2%	14.8%	0.9%
Advisory Licensing Requests	93.6%	11.3%	1.4%
Insurance Appointment Requests	88.0%	13.0%	3.3%
APFS Stationery and BC Order Requests	85.3%	15.6%	4.4%
Advertising and Literature Approvals	88.9%	23.4%	1.3%
<b>Operations</b>			
Client Account Transfers and/or Reassignments	87.0%	18.0%	1.0%
ACATS Processing	90.3%	16.5%	1.0%
APFS NAF Establishment via STARS	86.5%	30.0%	2.7%
Opening of Clearing Firm Accounts	87.7%	24.3%	5.8%
Check Receipt and Apps Blotter via STARS	84.2%	33.0%	4.9%
Transaction Blotter via STARS	83.7%	32.0%	2.9%
Direct Business Processing	89.4%	13.6%	1.1%
Check Requests	90.8%	23.4%	0.0%
<b>Advisory Services</b>			
Advisory Business Processing	81.9%	23.3%	5.0%
Advisory Fee Billing	80.0%	28.3%	5.7%
Advisory Business Development Services	56.7%	17.2%	3.5%
<b>IT Services</b>			
Provided Support on APFS Online Systems via Website	79.7%	20.2%	3.7%
<b>Trading</b>			
Execution of Trades	94.7%	22.1%	0.0%
Trade Adjustments	95.2%	14.6%	1.2%
<b>Commissions and Accounting</b>			
Commissions and Accounting Processing	95.0%	16.7%	0.0%
Commissions and Accounting Adjustments	91.7%	14.7%	0.0%

# state of the firm commentary from ceo lon t. dolber



2007 is an important, pivotal year for APFS.

I am very excited to report to you, the first quarter of 2007 and for successive quarters going forward, APFS performance results in our new in-house printed publication, *FREE*. With 2007 first quarter gross revenues of \$13.4 million increasing a respectable 21% from \$11 million in the previous year's first quarter, we have launched the new year with incredible momentum. To give you an interesting perspective on just how substantial the firm's growth has been, first quarter 2007 gross revenue results were \$2.4 million above the total year-end results for the firm's first full year in business, (\$11 million in 2002), and only \$3.5 million below the total gross revenue year-end results for the firm's second full year in business (\$17 million in 2003). But with increased revenues come greater demands on the firm's infrastructure. Thankfully, the bolstering of back-office support in the last six months has accommodated this growth and increased workflow from the influx of new rep affiliations this past quarter, (50 new colleagues), which resulted from intense recruiting efforts in the last quarter of 2006. With Frank Tauches now as APFS President and Dean Bruno as COO, the company has distributed its executive management responsibilities to eliminate the dependency on one key person. In my exclusive role as CEO, I can now look at the company from a higher vantage point and focus on planning strategies that will not only ensure increased profits and shareholder value, but also the independent status that we've all come to enjoy.

Equally important for 2007 is cultivating a culture within our organization that encourages open communications between departments, business units and clients. It is this unrestricted interaction that will promote the necessary changes needed to perpetuate the level of growth we've achieved thus far. Hence, our theme of dialogue, cooperation and collaboration represented in our recently distributed 2006 AP Holdings Annual Review and later in the year, at our national conference in October. The first quarter of 2007 has put us well on our way to making the change from a good company to a great company. I am committed to this cause.

Sincerely,

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## 2007 Quarterly Review January 1, 2007 - March 31, 2007

Presented on pages 23 through 30 is the First Quarter 2007 review for American Portfolios. This review has also been placed in our online weekly newsletter, *The Independent* as well as being posted to the APFS website in Rep Services.

## Corporate Overview:

American Portfolios has 43 full time employees (Fig. 2) supporting 444 registered representatives, which includes 45 registered assistants and 17 registered employees as of 03/31/2007.

## Financial Overview:

First quarter gross commissions and fees of over \$13 million increased a respectable 21% from \$11 million in the first quarter of 2006 (Fig. 1). In an across-the-board analysis of products and services offered through American Portfolios, life insurance and managed accounts received the highest percent increase in gross commissions and/or fees of 98% and 51% respectively (Table 1). By the end of the first quarter of 2007, assets under management grew 26% to over \$7.8 billion from \$6.1 billion in the first quarter of 2006 (Table 2).

Fig. 1 gross commission and fee revenue

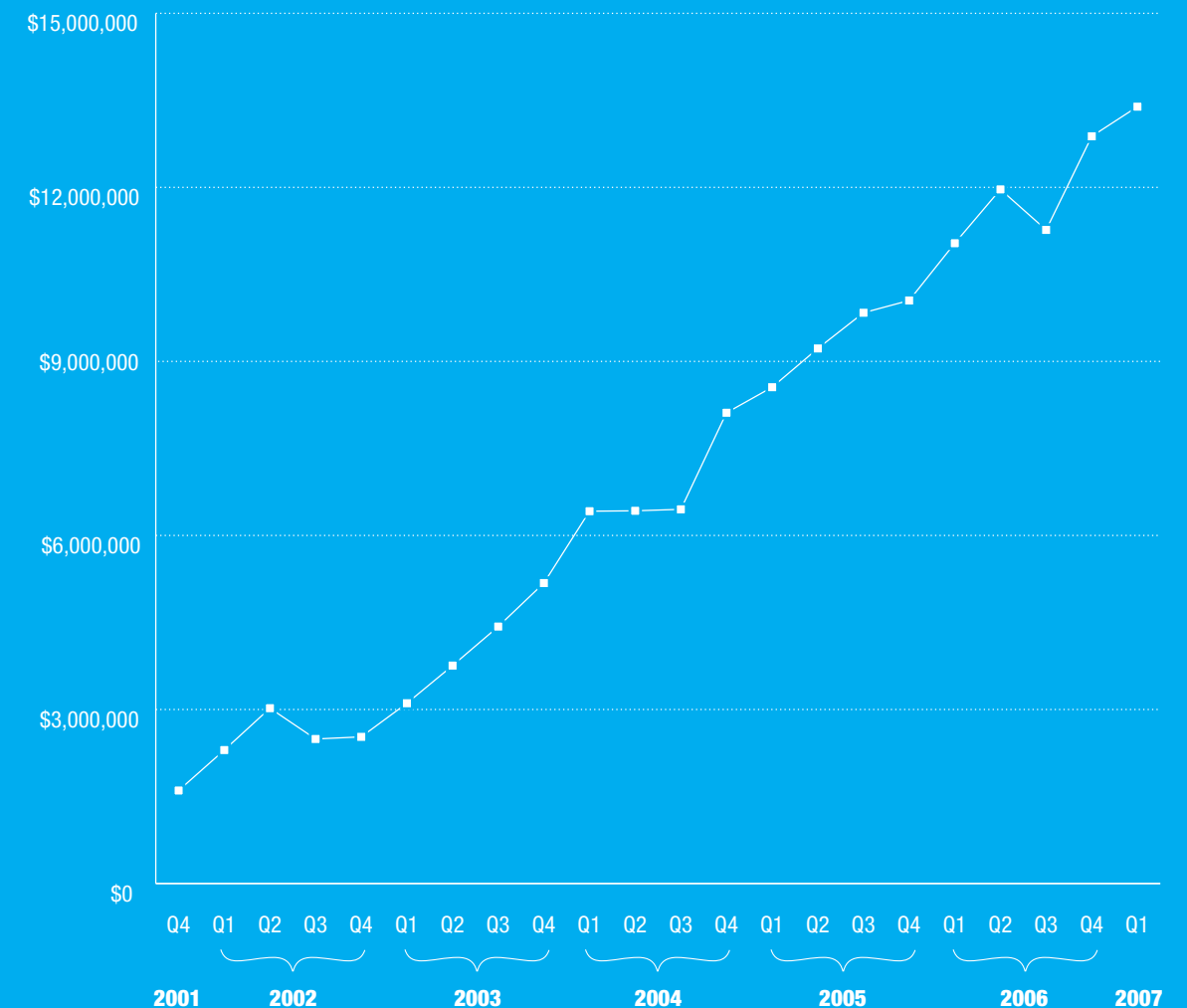


Table 2

## assets with american portfolios

Quarter Ending	Clearing Firm Assets	Assets Held Directly	Total Assets	Increase Over Last Quarter
09/11/2001	\$407,939,561	\$824,718,413	\$1,232,657,974	
2003 2Q	\$922,936,847	\$1,212,135,975	\$2,135,035,662	
2003 3Q	\$1,039,499,742	\$1,377,732,480	\$2,417,232,222	
2003 4Q	\$1,464,631,538	\$1,701,665,682	\$3,166,297,221	
<b>2004 1Q</b>	<b>\$1,379,050,247</b>	<b>\$1,915,885,560</b>	<b>\$3,294,935,807</b>	
2004 2Q	\$1,529,313,892	\$2,005,769,082	\$3,535,082,974	
2004 3Q	\$1,621,558,602	\$2,266,246,669	\$3,887,805,271	
2004 4Q	\$1,793,608,828	\$2,525,624,801	\$4,319,233,629	
<b>2005 1Q</b>	<b>\$2,072,980,621</b>	<b>\$2,599,152,578</b>	<b>\$4,672,133,199</b>	
2005 2Q	\$2,087,549,824	\$2,714,366,636	\$4,801,916,500	
2005 3Q	\$2,283,338,949	\$3,001,917,860	\$5,285,256,809	
2005 4Q	\$2,423,074,182	\$3,201,420,077	\$5,624,494,259	
<b>2006 1Q</b>	<b>\$2,707,615,433</b>	<b>\$3,484,538,873</b>	<b>\$6,192,154,306</b>	
2006 2Q	\$3,119,371,820	\$3,471,519,408	\$6,590,891,228	
2006 3Q	\$3,274,773,125	\$3,627,859,456	\$6,902,632,452	
2006 4Q	\$3,477,988,173	\$3,809,967,199	\$7,287,955,372	
<b>2007 1Q</b>	<b>\$3,686,918,635</b>	<b>\$4,128,268,176</b>	<b>\$7,815,186,811</b>	<b>\$527,231</b>
<b>+/- over 2006 1Q</b>	<b>+36%</b>	<b>+18%</b>	<b>+26%</b>	<b>+7%</b>

## recruiting and marketing overview

The firm continues to attract new colleagues. Calls from prospective candidates continue to increase. As of 03/31/2007, the B/D had 444 registered representatives which included 45 registered assistants and 17 registered employees working from 66 Offices of Supervisory Jurisdiction as well as 194 Branch Office locations. 60 new associates affiliated with the firm in the first quarter of 2007 (Table 3). As of 03/31/2007, there were 382 producing registered representatives at the firm.

Table 3

## representative overview 9/10/2001 – 3/31/2007

A total of 500 new representatives have joined the firm while 280 representatives have been encouraged to leave the firm between 9/10/2001 - 03/31/2007. During the same period of time quarterly revenues have increased by \$11,788,013 (Q4 2001 \$1,603,089 - Q1 2007 \$13,391,102)

First Name	Last Name	City	State	Supervising Principal	Start Date	Status
Paul	Platt	Pittsgrove	NJ	Jack Dempsey	1/3/2007	REP
Justin	Follmer	West Conshohocken	PA	Raymond Carota	1/3/2007	ASST
Larry	Hughes	New York	NY	Jason Mieras	1/24/2007	ASST
Karen	Fence	Whiting	NJ	Russell Clark	1/30/2007	REP
William	Fence	Whiting	NJ	Russell Clark	1/30/2007	REP
Roger	Fence	Whiting	NJ	Russell Clark	1/30/2007	REP
Denise	Carroll	Kansas City	MO	David Stofer	1/31/2007	REP
Steven	Fence	Whiting	NJ	Russell Clark	1/31/2007	REP
Gary	Forrest	Flint	MI	Marc Johnson	2/2/2007	REP
Gary	Besnier	Williamsburg	VA	George Siracuse	2/12/2007	REP
Sheldon	Evans	Flushing	NY	Andrew Corrigan	2/22/2007	ASST
Adam	Collins	Red Wing	MN	Michael Diemer	2/23/2007	REP
Melinda	Moran	St Paul	MN	Michael Diemer	2/23/2007	ASST
Jason	Gehl	Tempe	AZ	Michael Diemer	2/23/2007	REP
Courtney	Gehl	Tempe	AZ	Michael Diemer	2/23/2007	ASST
Michael	Diemer	St Paul	MN	Joseph Borriello	2/26/2007	REP
Jeffrey	Agne	Tipp City	OH	Michael Diemer	2/26/2007	REP
Marcus	Renslow	Blaine	MN	Michael Diemer	2/27/2007	REP
Larry	Harter	Celina	OH	Michael Diemer	2/27/2007	REP
Frank	Bowen	Charlestown	IN	Michael Diemer	2/27/2007	REP
Mark	Lea	Coon Rapids	MN	Michael Diemer	2/27/2007	REP
Joseph	Rooyakkers	Fraser	CO	Michael Diemer	2/27/2007	REP
Bruce	Agne	Greenville	OH	Michael Diemer	2/27/2007	REP
Stephen	Diemer	Marinette	WI	John Crockett	2/27/2007	REP
Brian	Tupper	Marinette	WI	Michael Diemer	2/27/2007	REP
Shawn	Icely	Sarasota	FL	Michael Stewart	2/27/2007	REP
Joe	Birkinbine	Steamboat Springs	CO	Michael Diemer	2/27/2007	REP
Aaron	Swanson	Ashland	WI	Douglas Meyer	2/28/2007	REP

Table 3 continued

## representative overview (continued)

First Name	Last Name	City	State	Supervising Principal	Start Date	Status
Sandra	Kallas	Janesville	WI	Aaron Swanson	2/28/2007	REP
Sue	Pfaffinger	Jeffersonville	IN	Michael Diemer	2/28/2007	REP
Thomas	Ren	Littleton	CO	Joseph Borriello	2/28/2007	REP
Frank	O'Rourke	Marinette	WI	Michael Diemer	2/28/2007	REP
Paul	Breitenfeldt	Mosinee	WI	Michael Diemer	2/28/2007	REP
Gregory	Collins	Red Wing	MN	Michael Diemer	2/28/2007	REP
Chad	Rickman	Ashland	WI	Aaron Swanson	3/2/2007	ASST
Mark	Ehlers	Ashland	WI	Aaron Swanson	3/2/2007	REP
Eric	Holmes	Farmington Hills	MI	John Crockett	3/2/2007	REP
Carl	Vandenburg	Park Falls	WI	Aaron Swanson	3/2/2007	REP
Carla Ann	Goedtke	Slayton	MN	Douglas Meyer	3/2/2007	REP
Kevin	VanOrnum	Ashland	WI	Aaron Swanson	3/3/2007	REP
Charlene	Morrow	East Aurora	NY	Robert Bartolotta	3/5/2007	REP
Angela	Truchon	Ashland	WI	Aaron Swanson	3/7/2007	ASST
Heidi	Hansen	Slayton	MN	Douglas Meyer	3/13/2007	REP
James	Morton	Indiatlantic	FL	Richard Gerepka	3/14/2007	REP
Richard	Gerepka	Jupiter	FL	Joseph Borriello	3/14/2007	REP
Beverly	Curmanskie	Miami	FL	Richard Gerepka	3/14/2007	REP
Juan	Benedeti	Plantation	FL	Richard Gerepka	3/14/2007	REP
William	Murphy	Fort Wayne	IN	Frank Tauches	3/15/2007	REP
Keith	Layman	Fort Wayne	IN	Frank Tauches	3/15/2007	REP
James	Galvin	Orlando	FL	Richard Gerepka	3/15/2007	REP
Robert	May	Bloomington	IN	Frank Tauches	3/16/2007	REP
Lawrence	Taylor	Hobe Sound	FL	Richard Gerepka	3/16/2007	REP
Daniel	Steinberg	Huntington	NY	Frank Tauches	3/16/2007	REP
Kenneth	Anna	Huntington	NY	Frank Tauches	3/16/2007	REP
Victoria	Brialmont	Palm Beach Gardens	FL	Richard Gerepka	3/19/2007	REP
Michael	Meyers	Atlantic Highlands	NJ	Frank Tauches	3/20/2007	ASST
Jubin	Keyvan	Coral Springs	FL	Richard Gerepka	3/27/2007	REP
Barbara	Wernet	Fort Wayne	IN	Thomas Perry	3/29/2007	REP
Carl	Sollars	Granger	IN	Thomas Perry	3/29/2007	REP
Toni	Ruocco	Rockville Centre	NY	Steven Sherman	3/29/2007	ASST

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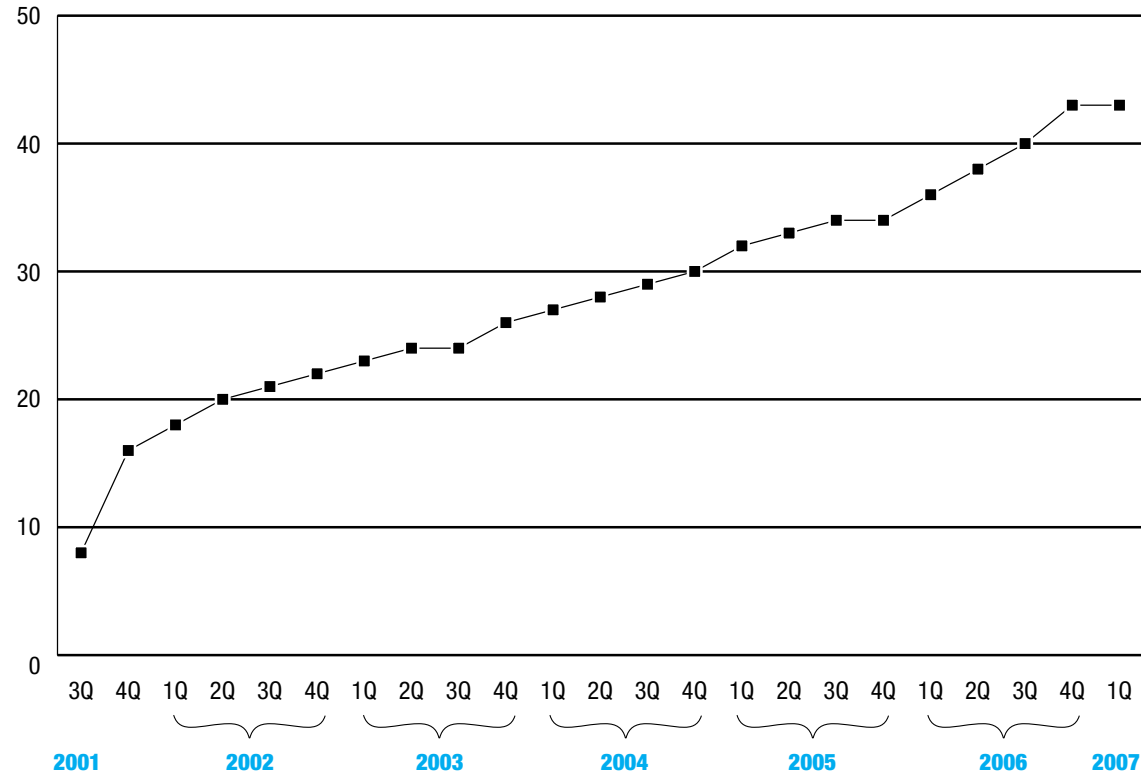
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Fig. 2

## employee growth



Joined APFS in December 2006

**Name:**  
Barbara Rovtar

**Position:**  
Compliance Associate

**Department:**  
Compliance

**Contact Information:**  
Phone: 800.889.3914 ext. 289

Fax: 631.439.4659

**E-Mail:**  
brovtar@americanportfolios.com

**responsibilities:**

Barbara is an integral team member of compliance, supporting Senior Vice President, Frank Giacchetto and Compliance Officer, Martin Wendel with many of the day-to-day responsibilities of the department. More specifically, Barbara assists with the administration of the compliance surveillance system as well as coordinating all branch office inspections and the follow-through of any recommended changes.

**biography:**

Barbara has a 22-year career in financial services in branch office administrative management working for such firms as Wachovia Securities and Dean Witter Reynolds. She holds her Series 3, 7, 9, 10, 63 and 65 securities licenses and her life/accident/health insurance license. Barbara is a resident of Bayshore, NY.



Joined APFS in November 2006

**Name:**  
Timothy Mullady

**Position:**  
Data Quality Associate

**Department:**  
Information Technology

**Contact Information:**  
Phone: 800.889.3914 ext. 296

**Fax:**  
631.439.4659

**E-Mail:**  
tmullady@americanportfolios.com

**responsibilities:**

As a Data Quality Associate in the IT Department, Tim Mullady supports and maintains the management and integrity of incoming B/D data from both internal and external sources. More specifically, under the direction of Business Technology Manager, Colin Ramroop, Tim bins accounts in STARS, performs data remediation functions, maintains the firm's B/D product database and manages various data feeds from Albridge Solutions, Bear Stearns, Pershing and the XTIVA commissions system.

**biography:**

Prior to joining American Portfolios, Tim's advanced Excel spreadsheet skills were put to use doing financial and budget analysis for such firms as Brennan Center for Justice in New York City, Cue Data Services in Islandia, NY and Little Flower Children's Services in Wading River, NY. Tim received his Bachelor of Science Degree in 2001 from SUNY at Oneonta, majoring in Business Economics with a minor in Finance and Sports Management. He resides in Wading River, NY



Joined APFS in November 2006

**Name:**  
Timothy O'Grady

**Position:**  
Senior Vice President New Business Development

**Department:**  
New Business Development

**Contact Information:**  
Phone: 800.889.3914 ext. 285

Fax: 631.439.4659

**E-Mail:**  
togrady@americanportfolios.com

**responsibilities:**

As Senior Vice President of New Business Development, Tim O'Grady directs and implements all recruiting efforts for the firm as well as providing support to all OSJ recruiting managers in the field.

**biography:**

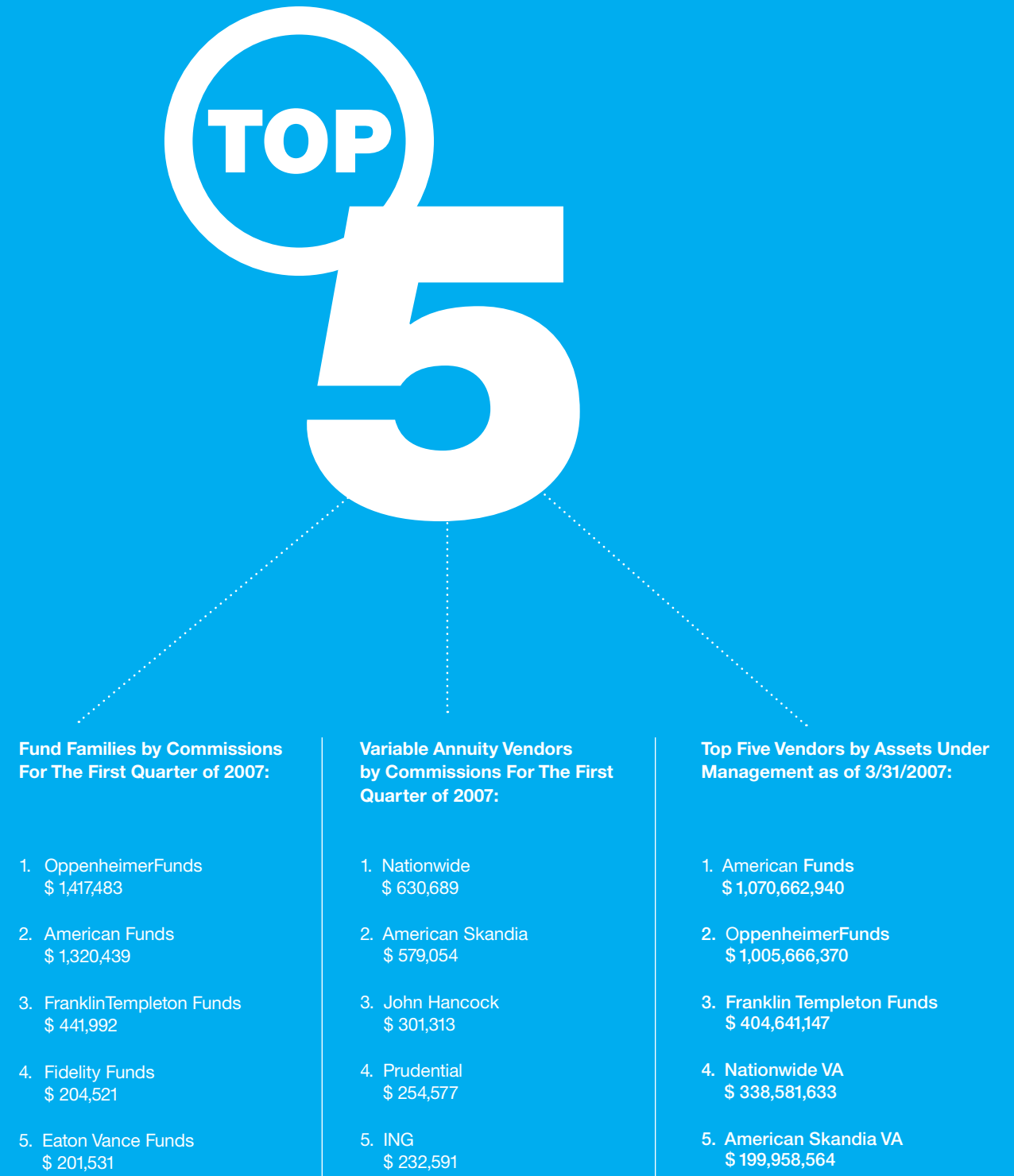
Prior to working with American Portfolios, Tim worked for twelve years at Mellon Advisory Services working his way up from a Financial Consultant to National Sales Manager. With extensive experience in financial investments and sales management, Tim transformed and created successful business initiatives and sales territories in the tri-state, northeast and ultimately national regions which amassed from \$2 billion to \$26 billion of assets under management. Over the years, Tim has coached, consulted, directed and managed hundreds of professional staff personnel and members of financial sales teams. A graduate of Hofstra University, Tim received his four year degree in Finance and was the recipient of an athletic scholarship for the varsity football team.

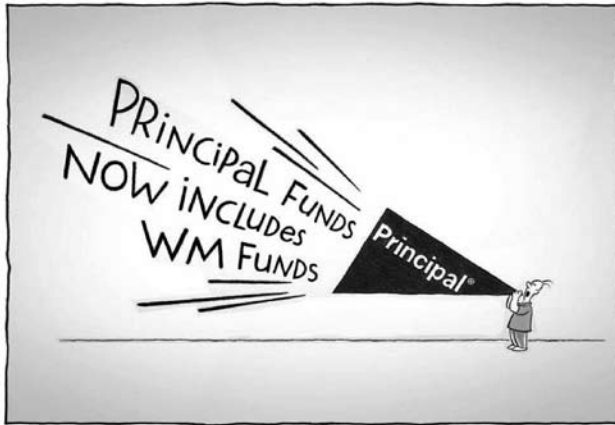


Table 1

**gross commission and fee overview**

Quarter	Mutual Funds	12B-1 Fees	Variable Annuities	Fixed Annuities	Life Insurance	Managed Accounts	General Securities
2001 4Q	\$377,677	\$337,396	\$327,855	\$483	\$16,140	\$ 0	\$463,096
<b>2002 1Q</b>	<b>\$550,413</b>	<b>\$389,682</b>	<b>\$697,756</b>	<b>\$28,245</b>	<b>\$24,979</b>	<b>\$32,406</b>	<b>\$502,945</b>
2002 2Q	\$697,511	\$500,594	\$894,388	\$14,003	\$16,144	\$89,201	\$681,635
2002 3Q	\$446,671	\$480,835	\$608,129	\$90,130	\$54,978	\$66,546	\$602,265
2002 4Q	\$504,510	\$473,900	\$514,489	\$78,876	\$41,808	\$66,739	\$667,726
<b>2003 1Q</b>	<b>\$738,065</b>	<b>\$465,601</b>	<b>\$944,138</b>	<b>\$111,164</b>	<b>\$51,006</b>	<b>\$90,852</b>	<b>\$414,066</b>
2003 2Q	\$890,264	\$590,360	\$902,892	\$48,075	\$186,158	\$99,223	\$747,131
2003 3Q	\$932,171	\$745,759	\$1,171,706	\$107,766	\$88,621	\$126,321	857,482
2003 4Q	\$1,052,379	\$891,779	\$1,469,274	\$185,860	\$88,509	\$250,466	\$850,436
<b>2004 1Q</b>	<b>\$1,392,634</b>	<b>\$1,114,582</b>	<b>\$1,961,656</b>	<b>\$65,424</b>	<b>\$75,229</b>	<b>\$269,938</b>	<b>\$1,090,539</b>
2004 2Q	\$1,219,564	\$1,207,981	\$2,021,864	\$38,002	\$157,260	\$433,380	\$905,050
2004 3Q	\$1,219,144	\$1,296,661	\$1,833,477	\$36,692	\$163,314	\$521,670	\$823,100
2004 4Q	\$1,481,154	\$1,486,261	\$2,414,798	\$29,594	\$215,654	\$583,219	\$1,474,892
<b>2005 1Q</b>	<b>\$1,824,456</b>	<b>\$1,576,125</b>	<b>\$2,453,958</b>	<b>\$81,319</b>	<b>\$144,146</b>	<b>\$704,188</b>	<b>\$1,298,549</b>
2005 2Q	\$1,764,832	\$1,649,075	\$2,763,990	\$90,674	\$243,589	\$790,887	\$1,310,025
2005 3Q	\$1,594,608	\$1,862,325	\$2,791,314	\$35,528	\$235,170	\$910,537	\$1,658,235
2005 4Q	\$1,822,784	\$2,025,972	\$2,719,060	\$102,760	\$201,046	\$1,125,763	\$1,401,672
<b>2006 1Q</b>	<b>\$2,168,221</b>	<b>\$2,264,472</b>	<b>\$2,946,526</b>	<b>\$ 89,373</b>	<b>\$162,797</b>	<b>\$1,233,534</b>	<b>\$1,743,557</b>
2006 2Q	\$2,235,356	\$2,547,285	\$3,277,267	\$84,973	\$348,799	\$1,463,952	\$1,592,118
2006 3Q	\$1,586,985	\$2,688,432	\$2,902,267	\$47,216	\$291,917	\$1,585,138	\$1,392,330
2006 4Q	\$1,805,784	\$2,762,047	\$3,687,567	\$64,962	\$440,852	\$1,764,368	\$1,566,537
<b>2007 1Q</b>	<b>\$2,228,559</b>	<b>\$2,924,400</b>	<b>\$3,713,477</b>	<b>\$21,970</b>	<b>\$322,265</b>	<b>\$1,862,473</b>	<b>\$1,647,707</b>
Change from 2006 Q1	3%	+29%	+26%	-75%	+98%	+51%	-6%





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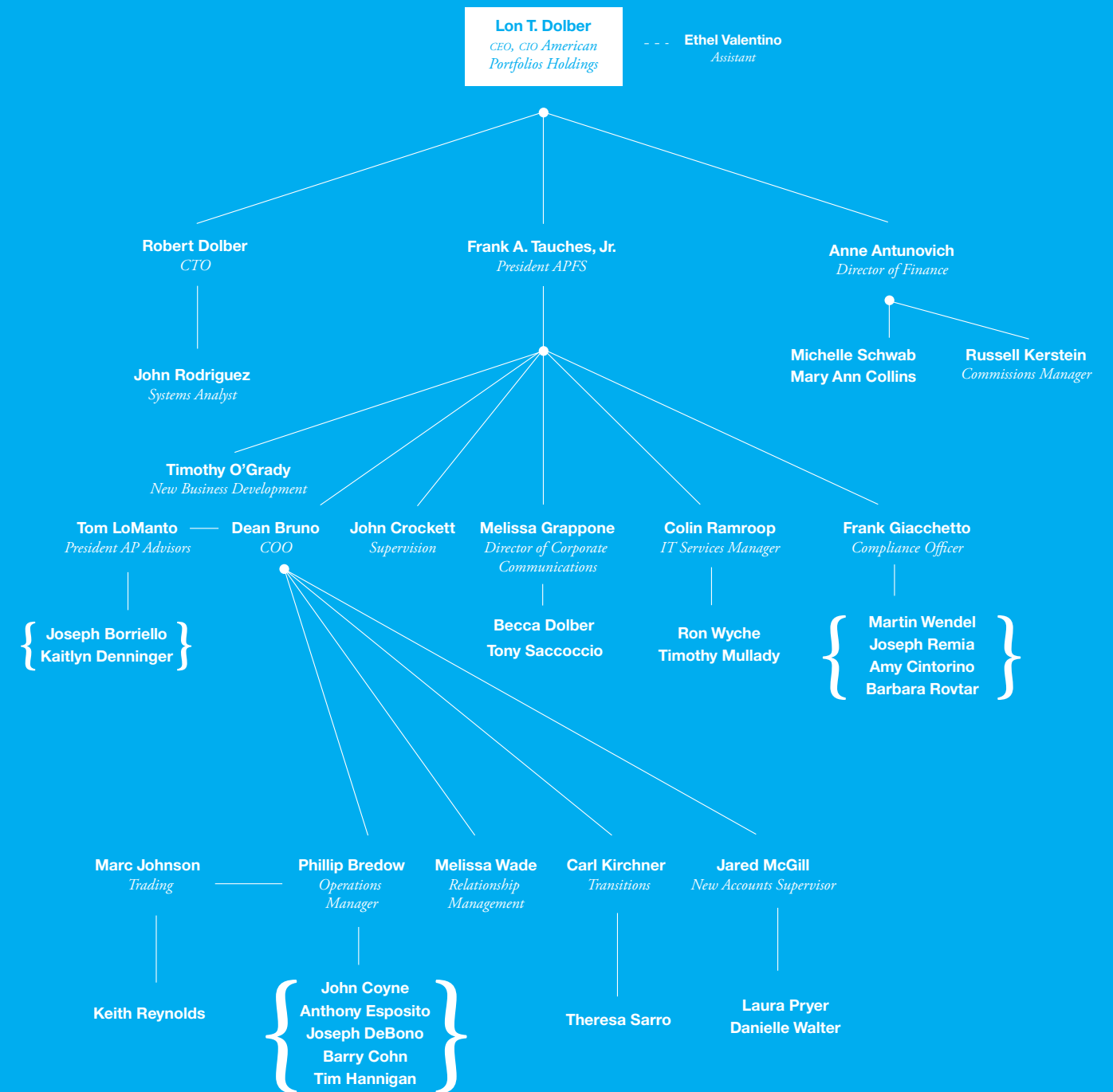


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