

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**

**Fleming Watson Financial Advisors,  
LLC**

**Office Address:**  
512 Third Street  
Marietta, OH 45750

**Mailing Address:**  
P.O. Box 2160  
Marietta, OH 45750-7160

Tel: 740-373-4877  
Fax: 740-373-4469

**Website:**  
**[www.flemingwatson.com](http://www.flemingwatson.com)**

[neal@flemingwatson.com](mailto:neal@flemingwatson.com)

This brochure provides information about the qualifications and business practices of Fleming Watson Financial Advisors, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 740-373-4877. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Fleming Watson Financial Advisors, LLC (CRD #284072) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**JANUARY 9, 2020**

## **Item 2: Material Changes**

---

### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

---

### **Material Changes since the Last Update**

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last filing of this brochure on January 30, 2019, the following have been updated:

- Item 4 has been updated to disclose the most recent calculation for client assets under management.
  - Item 5 has been updated to disclose our new hourly fee for financial planning services.
  - Item 15 has been updated to disclose our practice regarding standing letters of authorization (“SLOA”).
- 

### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

**Item 3: Table of Contents**

**Form ADV – Part 2A – Firm Brochure**

**Item 1: Cover Page**

**Item 2: Material Changes ..... ii**

Annual Update ..... ii

Material Changes since the Last Update..... ii

Full Brochure Available..... ii

**Item 3: Table of Contents ..... iii**

**Item 4: Advisory Business ..... 1**

Firm Description ..... 1

Types of Advisory Services ..... 1

Client Tailored Services and Client Imposed Restrictions..... 3

Wrap Fee Programs ..... 3

Client Assets under Management ..... 3

**Item 5: Fees and Compensation ..... 4**

Method of Compensation and Fee Schedule..... 4

Client Payment of Fees ..... 6

Additional Client Fees Charged..... 7

Prepayment of Client Fees ..... 7

External Compensation for the Sale of Securities to Clients..... 7

**Item 6: Performance-Based Fees and Side-by-Side Management..... 7**

Sharing of Capital Gains ..... 7

**Item 7: Types of Clients ..... 7**

Description ..... 7

Account Minimums ..... 7

**Item 8: Methods of Analysis, Investment Strategies and Risk of Loss ..... 8**

Methods of Analysis..... 8

Investment Strategy ..... 8

Security Specific Material Risks..... 8

**Item 9: Disciplinary Information..... 9**

Criminal or Civil Actions ..... 9

Administrative Enforcement Proceedings ..... 9

Self-Regulatory Organization Enforcement Proceedings ..... 10

<b>Item 10: Other Financial Industry Activities and Affiliations .....</b>	<b>10</b>
Broker-Dealer or Representative Registration .....	10
Futures or Commodity Registration .....	10
Material Relationships Maintained by this Advisory Business and Conflicts of Interest .....	10
Recommendations or Selections of Other Investment Advisors and Conflicts of Interest .....	10
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>10</b>
Code of Ethics Description .....	10
Investment Recommendations Involving a Material Financial Interest and Conflict of Interest .....	11
Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest .....	11
Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest .....	11
<b>Item 12: Brokerage Practices .....</b>	<b>12</b>
Factors Used to Select Broker-Dealers for Client Transactions .....	12
Aggregating Securities Transactions for Client Accounts .....	13
<b>Item 13: Review of Accounts .....</b>	<b>13</b>
Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved .....	13
Review of Client Accounts on Non-Periodic Basis .....	13
Content of Client Provided Reports and Frequency .....	13
<b>Item 14: Client Referrals and Other Compensation .....</b>	<b>13</b>
Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest .....	13
Advisory Firm Payments for Client Referrals .....	14
<b>Item 15: Custody .....</b>	<b>14</b>
Account Statements .....	14
<b>Item 16: Investment Discretion .....</b>	<b>15</b>
Discretionary Authority for Trading .....	15
<b>Item 17: Voting Client Securities .....</b>	<b>15</b>
Proxy Votes .....	15
<b>Item 18: Financial Information .....</b>	<b>15</b>
Balance Sheet .....	15
Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients .....	15
Bankruptcy Petitions during the Past Ten Years .....	16

<b>Item 19: Requirements for State Registered Advisors .....</b>	<b>16</b>
Principal Executive Officers and Management Persons .....	16
Outside Business Activities.....	16
Performance Based Fee Description.....	16
Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons.....	16
Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities.....	16
<b>Brochure Supplement (Part 2B of Form ADV) .....</b>	<b>18</b>
Principal Executive Officer .....	18
Neal E. Watson, CFP® .....	18
Item 2 Educational Background and Business Experience .....	18
Professional Certifications.....	18
Item 3 Disciplinary Information.....	18
Item 4 Other Business Activities .....	19
Item 5 Additional Compensation .....	19
Item 6 Supervision .....	19
Item 7 Requirements for State-Registered Advisors .....	19
<b>Brochure Supplement (Part 2B of Form ADV) .....</b>	<b>21</b>
Principal Executive Officer .....	21
James A. Watson, Jr. ....	21
Educational Background and Business Experience .....	21
Disciplinary Information .....	21
Other Business Activities.....	21
Additional Compensation.....	21
Supervision.....	21
Requirements for State-Registered Advisors .....	21

## Item 4: Advisory Business

---

### **Firm Description**

Fleming Watson Financial Services was founded on November 21, 2000. In May of 2016, Fleming Watson Financial Services changed its name to Fleming Watson Financial Advisors, LLC (FWFA). FWFA applied for registration as a registered investment adviser in June of 2016 in the States of; Ohio, Texas, Florida, and West Virginia. Neal E. Watson is 50% owner and James A. Watson, Jr. is 50% owner.

FWFA is a fee based financial planning and investment management firm. As a licensed insurance agency, the firm also sells traditional insurance products, such as long-term care, disability, and traditional life insurance for separate, yet typical commission. The firm does not sell securities products for a commission.

FWFA does not act as a custodian of client assets.

An evaluation of each client's initial situation is discussed in the first meeting, often including a review of clients income, timeframe of goals, current and past investments, investment experience, and client goals. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) are engaged directly by the client on an as-needed basis and may charge fees of their own. For example, tax preparation and to the extent your estate plan needs to be updated, the tax preparer and/or attorney will bill the client separately. Conflicts of interest will be disclosed to the client in the event they should occur.

---

### **Types of Advisory Services**

FWFA provides investment supervisory services, also known as asset management services and furnishes financial planning and investment advice through consultations.

#### ASSET MANAGEMENT

FWFA offers non-discretionary and discretionary direct asset management services to advisory clients. FWFA will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

#### Discretionary

When the client provides FWFA discretionary authority the client will sign a limited trading authorization or equivalent. FWFA will have the authority to execute transactions in the account without seeking client approval on each transaction.

#### Non-discretionary

When the client elects to use FWFA on a non-discretionary basis, FWFA will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, FWFA will obtain prior client approval on each and every transaction before executing any transactions.

## FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable, the client will compensate FWFA on an hourly fee basis or fixed fee basis described in detail under “Fees and Compensation” section of this brochure. Services include but are not limited to a thorough review of all applicable topics including retirement planning, long term accumulation, distribution planning, investments, and insurance. If a conflict of interest exists between the interests of the investment advisor and the interests of the client, the client is under no obligation to effect the transaction through FWFA. Financial plans will be completed and delivered inside of forty five (45) days.

## INSURANCE PRODUCTS AND SERVICES

FWFA sells traditional insurance products, such as long-term care, disability, and traditional life insurance and receives separate, yet typical, compensation in the form of commissions. The fees are disclosed to the client prior to the completion of the insurance application.

## ERISA PLAN SERVICES

FWFA provides service to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans. FWFA will act as a 3(38) advisor:

**3(38) Investment Manager.** FWFA can also act as an ERISA 3(38) Investment Manager in which it has discretionary management of a given retirement plan’s assets. FWFA would then become solely responsible and liable for the selection, monitoring and replacement of the plan’s investment options.

### 1. Fiduciary Services are:

- FWFA has discretionary authority and will make the final decision regarding the initial selection, retention, removal and addition of investment options in accordance with the Plan’s investment policies and objectives.
- Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- Assist the Client in the development of an investment policy statement (“IPS”). The IPS establishes the investment policies and objectives for the Plan.
- Provide discretionary investment advice to the Client with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).

### 2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands the FWFA’s assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor’s definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, FWFA is not providing fiduciary advice as defined by ERISA to the Plan participants.

FWFA will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.

- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- Meet with Client on a periodic basis to discuss the reports and the investment recommendations.

FWFA may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between FWFA and Client.

3. FWFA has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- a. Employer securities;
- b. Real estate (except for real estate funds or publicly traded REITs);
- c. Stock brokerage accounts or mutual fund windows;
- d. Participant loans;
- e. Non-publicly traded partnership interests;
- f. Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- g. Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to FWFA under this Agreement.

---

### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

---

### **Wrap Fee Programs**

FWFA does not sponsor a wrap fee program.

---

### **Client Assets under Management**

As of December 31, 2019, FWFA had approximately \$83,622,670 assets under management on a discretionary basis and \$14,331,166 on a non-discretionary basis.



## Item 5: Fees and Compensation

### Method of Compensation and Fee Schedule

FWFA bases its fees on a percentage of assets under management, hourly charges and fixed fees.

#### ASSET MANAGEMENT

FWFA offers non-discretionary and discretionary asset management services to advisory clients. The fees for these services will be based on a percentage of Assets Under Management.

<i>Account Value</i>	<i>Annual Fee %</i>	<i>Monthly Fee %</i>
<i>First \$150,000</i>	1.2%	.1%
<i>Next \$100,000</i>	1.0%	.0833%
<i>Next \$250,000</i>	0.8%	.0666%
<i>Thereafter</i>	0.6%	.05%

This is a blended fee schedule, the portfolio management fee is calculated by applying different rates to different portions of the portfolio. Advisor may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

The annual fee may be negotiable. Accounts within the same household will be combined for a reduced fee. Fees are billed monthly in arrears based on an average daily balance of the account for the previous month. The calculation for the average daily balance is based on the formula  $(A/D) \times (F/P)$ .

A = the sum of the daily balances in the billing period

D = number of days in the billing period

F = annual management fee

P = number of billing periods per year (monthly)

**For example (based on monthly billing period):** the first step taken using the average-daily-balance calculation method would be to take the average of the values of the client's account over the course of the entire month.

For example, a client with an account value of \$250,000 would be charged the following:

\$250,000 being managed would be calculated as:

20 days at \$250,000 plus 10 days at \$230,000 averages out to approximately \$243,333.33

Based on the formula  $(A/D) \times (F/P)$ , the example would be: the fee for the first \$150,000 would be  $(.001 \times 150,000) = \$150$ . The fee for the remaining \$93,333 would be  $(.000833 \times 93,333) = \$77.47$ .

The total monthly fee would be:  $(\$150 + \$77.47) = \$227.47$ .

Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services

with thirty (30) days written notice. When fees are paid in arrears, FWFA will be entitled to a pro rata fee for the days service was provided in the final month. Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

**FINANCIAL PLANNING and CONSULTING**

FWFA charges either a negotiable hourly fee basis or fixed fee basis for financial planning. Prior to the planning process the client will be provided an estimated plan fee. The services include, but are not limited to, a thorough review of all applicable topics including retirement planning, long term accumulation, distribution planning, investments, and insurance. Client will pay 100% of the fee upon delivery of a plan.

Services are completed and delivered inside of forty five (45) days. Client may cancel within five (5) business days of signing Agreement for a full refund. If the client cancels after five (5) business days, FWFA will be paid a pro rata fee based on the number of hours dedicated to the financial plan.

**HOURLY FEES**

Financial Planning Services are offered based on a negotiable hourly fee of \$100 per hour.

**FIXED FEES**

Financial Planning Services are offered based on a flat fee that is calculated by FWFA based on the estimated number of hours the plan will take to complete, at a \$100 per hour rate. If the hours worked on the plan exceed the estimated hours used to calculate the fixed fee, the client will not be charged for those extra hours.

**COMMISSIONS**

FWFS Sells traditional insurance products, such as long-term care, life insurance, and fixed annuities and receives separate, yet typical, compensation in the form of commissions. The fees are disclosed to the client prior to the completion of the insurance application. Commissions are set by the insurance provider and are non-negotiable.

**ERISA PLAN SERVICES**

FWFA will charge annual fees that are based on the market value of the Included Assets, the fee to be charged will be based on the fee schedule below.

<i>Account Value</i>	<i>Annual Fee %</i>	<i>Monthly Fee %</i>
<i>Up to \$150,000</i>	1.2%	.1%
<i>Next \$100,000</i>	1.0%	.0833%
<i>Next \$250,000</i>	0.8%	.0666%
<i>Thereafter</i>	0.6%	.05%

This is a blended fee schedule, the portfolio management fee is calculated by applying different rates to different portions of the portfolio. Advisor may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

The annual fee may be negotiable. Accounts within the same household will be combined for a reduced fee. Fees are billed monthly in arrears based on an average daily balance of

the account for the previous month. The calculation for the average daily balance is based on the formula  $(A/D) \times (F/P)$ .

A = the sum of the daily balances in the billing period

D = number of days in the billing period

F = annual management fee

P = number of billing periods per year (monthly)

**For example (based on monthly billing period):** the first step taken using the average-daily-balance calculation method would be to take the average of the values of the client's account over the course of the entire month.

For example, a client with an account value of \$250,000 would be charged the following:

\$250,000 being managed would be calculated as:

20 days at \$250,000 plus 10 days at \$230,000 averages out to approximately \$243,333.33

Based on the formula  $(A/D) \times (F/P)$ , the example would be: the fee for the first \$150,000 would be  $(.001 \times 150,000) = \$150$ . The fee for the remaining \$93,333 would be  $(.000833 \times 93,333) = \$77.47$ .

The total monthly fee would be:  $(\$150 + \$77.47) = \$227.47$ .

Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with thirty (30) days written notice. When fees are paid in arrears, FWFA will be entitled to a pro rata fee for the days service was provided in the final month. Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

The compensation of FWFA for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Client may elect to be billed directly or have fees deducted from Plan Assets. FWFA does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, FWFA will disclose this compensation, the services rendered, and the payer of compensation. FWFA will offset the compensation against the fees agreed upon under this Agreement.

---

### **Client Payment of Fees**

Investment management fees are billed monthly in arrears. Fees will be paid from each account on a pro rata basis. The client must consent in advance to direct debiting of their investment account. FWFA will send invoices to clients that reside in Texas and Florida at the time the fees are deducted from client accounts.

Fees for financial plans are to be paid by the Client upon delivery of the plan. Client may cancel within five (5) business days of signing Agreement for a full refund. If the client cancels after five (5) business days, FWFA will be paid a pro rata fee based on the number of hours dedicated to the financial plan.

---

**Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transactions fees, postage and handling, and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Certain types of investments like Mutual funds and Exchange Traded Funds have internal costs which are paid by the client. Those internal costs are disclosed in the funds' prospectus and are a part of the fund's operating expense ratio. A prospectus is delivered to the client by the custodian when initially purchased.

FWFA, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For more details on the brokerage practices, see Item 12 of this brochure.

---

**Prepayment of Client Fees**

FWFA does not accept prepayment of client fees, all fees are collected in arrears.

---

**External Compensation for the Sale of Securities to Clients**

FWFA does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of FWFA.

**Item 6: Performance-Based Fees and Side-by-Side Management**

---

**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

FWFA does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client.

**Item 7: Types of Clients**

---

**Description**

FWFA generally provides investment advice to individuals, high net worth individuals, charitable organizations, corporations and businesses.

Client relationships vary in scope and length of service.

---

**Account Minimums**

FWFA does not require a minimum to open an account.

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

---

### Methods of Analysis

FWFA tailors each portfolio for client specific short term and long term goals. After the initial consultation, FWFA will use the information gathered to determine the best overall asset allocation to help the client achieve their goals, and then construct a portfolio of investments within the parameters of the asset allocation.

FWFA primarily uses a buy and hold approach within a clients recommended asset allocation. When necessary, client portfolios are rebalanced to maintain the overall asset allocation, however there is no fixed schedule for this process.

FWFA will not limit the assets that it uses, however, FWFA will mostly use mutual funds and exchange traded funds.

---

### Investment Strategy

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement, Risk Tolerance or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

---

### Security Specific Material Risks

Investing in securities involves risk of loss that clients should be prepared to bear. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with FWFA:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intention of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Options Trading:* The risks involved with trading options are that they are very time sensitive investments. An options contract is generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a "book-entry" only investment without a paper certificate of ownership.

## **Item 9: Disciplinary Information**

---

### **Criminal or Civil Actions**

The firm and its management have not been involved in any criminal or civil action.

---

### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings.

---

**Self-Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of FWFA or the integrity of its management.

---

**Item 10: Other Financial Industry Activities and Affiliations**

---

**Broker-Dealer or Representative Registration**

Neither FWFA nor any of its employees are registered representatives of a broker-dealer.

---

**Futures or Commodity Registration**

Neither FWFA nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

---

**Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Managing Members of the firm have a financial affiliated business as insurance agents. Approximately 3% of their time is spent in their insurance practice. From time to time, they will offer clients advice or products from those activities.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

---

**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

FWFA does not solicit the services of Third Party Money Managers to manage client accounts.

---

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

---

**Code of Ethics Description**

The employees of FWFA have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of FWFA employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of FWFA. The Code reflects FWFA and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

FWFA's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of

FWFA may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

FWFA's Code is based on the guiding principle that the interests of the client are our top priority. FWFA's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

---

### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

FWFA and its employees do not recommend to clients securities in which we have a material financial interest.

---

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

FWFA and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide FWFA with copies of their brokerage statements.

The Chief Compliance Officer of FWFA is Neal Watson. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

---

### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

FWFA does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide FWFA with copies of their brokerage statements.

The Chief Compliance Officer of FWFA is Neal Watson. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.



## Item 12: Brokerage Practices

---

### **Factors Used to Select Broker-Dealers for Client Transactions**

FWFA may recommend the use of a particular broker-dealer such as TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., Member FINRA/SIPC or may utilize a broker-dealer of the client's choosing. FWFA will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. FWFA relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by FWFA.

Not all advisers require or recommend the use of a particular brokerage firm to execute transactions. FWFA and TD Ameritrade are not affiliated. By directing brokerage you may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money.

FWFA participates in the TD Ameritrade Institutional program. TD Ameritrade, Inc. ("TD Ameritrade") is an independent SEC-registered broker-dealer and is not affiliated with FWFA. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. FWFA receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14)

- *Directed Brokerage*

In circumstances where a client directs FWFA to use a certain broker-dealer, FWFA still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: FWFA's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients and conflicts of interest arising from brokerage firm referrals.

At this time, FWFA does not allow directed brokerage.

- *Best Execution*

Investment advisors who manage or supervise client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by FWFA from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, FWFA receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of

FWFA. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when FWFA receives soft dollars. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to act in the best interest of its clients and the services received are beneficial to all clients.

---

### **Aggregating Securities Transactions for Client Accounts**

FWFA is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of FWFA. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

## **Item 13: Review of Accounts**

---

### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by Neal Watson, Chief Compliance Officer. Account reviews are performed more frequently when market conditions dictate.

---

### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

---

### **Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by FWFA's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

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

---

### **Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, FWFA participates in TD Ameritrade's institutional customer program and FWFA may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between FWFA's participation in the program and the investment advice it gives to its Clients, although FWFA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving FWFA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain

institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to FWFA by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by FWFA's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit FWFA but may not benefit its Client accounts. These products or services may assist FWFA in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help FWFA manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, FWFA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by FWFA or its related persons in and of itself creates a conflict of interest and may indirectly influence FWFA's choice of TD Ameritrade for custody and brokerage services.

---

**Advisory Firm Payments for Client Referrals**

FWFA does not compensate for client referrals.

**Item 15: Custody**

---

**Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to review the account statements received directly from their custodians for accuracy.

FWFA is deemed to have limited custody because advisory fees are directly deducted from client's account by the custodian on behalf of FWFA. FWFA will send invoices to clients that reside in Texas and Florida at the time the fees are deducted from client accounts.

FWFA is also deemed to have custody due to its Third-Party Standing Letters of Authorization ("SLOA").

FWFA and its qualified custodian meet the following seven (7) conditions in order to avoid maintaining full custody and being subject to the surprise exam requirement:

1. The Client provides an instruction to the qualified custodian, in writing, that includes the Client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The Client authorizes FWFA, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.

3. The Client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the Client's authorization, and provides a transfer of funds notice to the Client promptly after each transfer.
4. The Client has the ability to terminate or change the instruction to the Client's qualified custodian.
5. FWFA has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the Client's instruction.
6. FWFA maintains records showing that the third party is not a related party of FWFA or located at the same address as FWFA.
7. The Client's qualified custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16: Investment Discretion**

---

### **Discretionary Authority for Trading**

FWFA accepts discretionary authority to manage securities accounts on behalf of clients. FWFA has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. FWFA does allow clients to place restrictions on trades, these restrictions will be documented and maintained in the client file. The client will authorize FWFA discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

## **Item 17: Voting Client Securities**

---

### **Proxy Votes**

FWFA does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, FWFA will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18: Financial Information**

---

### **Balance Sheet**

A balance sheet is not required to be provided because FWFA does not serve as a custodian for client funds or securities and FWFA does not require prepayment of fees of more than \$500 per client and six (6) months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

FWFA has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

---

**Bankruptcy Petitions during the Past Ten Years**

Managing Members Neal Watson and James Watson Jr., were owners of BBQ Marietta, Inc. when it filed for Chapter 7 bankruptcy in 2010. The bankruptcy was filed in the State of West Virginia and the case number was: 4:10-40246.

**Item 19: Requirements for State Registered Advisors**

---

**Principal Executive Officers and Management Persons**

Managing Member and Chief Compliance Officer, Neal Watson's education and business background can be found in the Part 2B of this Brochure.

Managing Member, James Watson's education and business background can be found in the Part 2B of this Brochure.

---

**Outside Business Activities**

The outside business activities for all management and supervised persons can be found in the Part 2B of this Brochure.

---

**Performance Based Fee Description**

Neither, Neal nor James Watson receive any performance based fees.

---

**Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons**

Neal and James Watson do not have any disclosures to report.

---

**Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

There are no material relationships with issuers of securities to disclose.

Item 1 Cover Page

# **SUPERVISED PERSON BROCHURE**

FORM ADV PART 2B

Neal E. Watson, CFP®

## **Fleming Watson Financial Advisors, LLC**

**Office Address:**  
512 Third Street  
Marietta, OH 45750

**Mailing Address:**  
P.O. Box 2160  
Marietta, OH 45750-7160

Tel: 740-373-4877  
Fax: 740-373-4469

**Website:**  
[www.flemingwatson.com](http://www.flemingwatson.com)

[neal@flemingwatson.com](mailto:neal@flemingwatson.com)

This brochure supplement provides information about Neal E. Watson and supplements the Fleming Watson Financial Advisors, LLC's brochure. You should have received a copy of that brochure. Please contact Neal E. Watson if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Neal E. Watson (CRD #2762407) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**JANUARY 9, 2020**

## Brochure Supplement (Part 2B of Form ADV)

### Supervised Person Brochure

---

#### Principal Executive Officer

Neal E. Watson, CFP®

- Year of birth: 1971
- 

#### Item 2 Educational Background and Business Experience

Educational Background:

- Ohio State University; Bachelor of Science, Business Administration; 1993

Business Experience:

- Fleming Watson Financial Advisors, LLC; Managing Member/Investment Advisor Representative; 08/2016 – Present
  - Independent Insurance Agent; 08/2016 – Present
  - Fleming Watson Financial Services, LLC; Managing Member/Insurance Agent; 08/1996 – 08/2016
  - Maplewood Investment Advisors, Inc.; Registered Representative; 08/2004 – 08/2016
  - MIAI, Inc.; Investment Advisor Representative; 08/2004 – 08/2016
  - Securities America Advisors, Inc.; Investment Advisor Representative; 08/1999 – 08/2004
  - Securities America, Inc.; Registered Representative; 08/1996 – 08/2004
- 

#### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP®): Certified Financial Planner is a designation granted by the CFP® Board. CFP® requirements:

- Bachelor's degree from an accredited college or university.
  - Completion of the financial planning education requirements set by the CFP® Board ([www.cfp.net](http://www.cfp.net)).
  - Successful completion of the 10-hour CFP® Certification Exam.
  - Three-year qualifying full-time work experience.
  - Successfully pass the Candidate Fitness Standards and background check.
  - When you achieve your CFP® designation, you must renew your certification every year, pay \$360 certification fee and complete 30 hours of continuing education every 2 years.
- 

#### Item 3 Disciplinary Information

*Criminal or Civil Action:* None to report.

*Administrative Proceeding:* None to report.

*Self-Regulatory Proceeding:* None to report.

---

**Item 4 Other Business Activities**

Neal Watson is also an insurance agent. Approximately 3% of Mr. Watson's time is spent in his insurance practice. From time to time, he will offer clients advice or products from those activities.

These practices represent conflicts of interest because it gives Mr. Watson an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

---

**Item 5 Additional Compensation**

Mr. Watson receives additional compensation in his capacity as an insurance agent, but he does not receive any performance based fees.

---

**Item 6 Supervision**

As Chief Compliance Officer of Fleming Watson Financial Advisors, LLC, Mr. Neal Watson is responsible for all supervision and formulation and monitoring of investment advice offered to clients. He will adhere to the policies and procedures as described in the firm's Compliance Manual.

---

**Item 7 Requirements for State-Registered Advisors**

*Arbitration Claims:* None to report.

*Self-Regulatory Organization or Administrative Proceeding:* None to report.

*Bankruptcy Petition:* Neal Watson, was President of BBQ Marietta, Inc. when it filed for Chapter 7 bankruptcy in 2010. The bankruptcy was filed in the State of West Virginia and the case number is: 4:10-40246.



# SUPERVISED PERSON BROCHURE

FORM ADV PART 2B

James A. Watson, Jr.

## Fleming Watson Financial Advisors, LLC

**Office Address:**  
512 Third Street  
Marietta, OH 45750

**Mailing Address:**  
P.O. Box 2160  
Marietta, OH 45750-7160

Tel: 740-373-4877  
Fax: 740-373-4469

**Website:**  
[www.flemingwatson.com](http://www.flemingwatson.com)

[jim@flemingwatson.com](mailto:jim@flemingwatson.com)

This brochure supplement provides information about James A. Watson, Jr. that supplements the Fleming Watson Financial Advisors, LLC's brochure. You should have received a copy of that brochure. Please contact James A. Watson, Jr. if you did not receive Fleming Watson Financial Advisors, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about James A. Watson, Jr. (CRD#1522765) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**JANUARY 9, 2020**

## Brochure Supplement (Part 2B of Form ADV)

### Supervised Person Brochure

---

#### Principal Executive Officer

**James A. Watson, Jr.**

- Year of birth: 1943
- 

#### Educational Background and Business Experience

Educational Background:

- Bliss Business College; Bachelor of Science, Accounting; 1964

Business Experience:

- Fleming Watson Financial Advisors, LLC; Managing Member/Investment Advisor Representative; 08/2016 – Present
  - Independent Insurance Agent; 08/2016 - Present
  - Fleming Watson Financial Services, LLC; Managing Member/Insurance Agent; 08/1986 – 08/2016
  - Maplewood Investment Advisors, Inc.; Registered Representative; 08/2004 – 08/2016
  - MIAI, Inc.; Investment Advisor Representative; 08/2004 – 08/2016
  - Securities America Advisors, Inc.; Investment Advisor Representative; 08/1999 – 08/2004
  - Securities America, Inc.; Registered Representative; 11/1994 – 08/2004
- 

#### Disciplinary Information

There is no disciplinary information to report.

---

#### Other Business Activities

James A. Watson, Jr. is also an insurance agent. Less than 3% of Mr. Watson's time is spent in his insurance practice. From time to time, he may offer clients advice or products from those activities.

These practices represent conflicts of interest because it gives Mr. Watson an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

---

#### Additional Compensation

Mr. Watson receives additional compensation in his capacity as an insurance agent, but he does not receive any performance based fees.

---

#### Supervision

James A. Watson, Jr. is supervised by Neal Watson, Chief Compliance Officer. He reviews James' work through client account reviews, quarterly personal transaction reports as well as face-to-face and phone interactions.

Neal Watson can be contacted at 740-373-4877 or by email at [neal@flemingwatson.com](mailto:neal@flemingwatson.com).

---

#### Requirements for State-Registered Advisors

*Arbitration Claims:* None to report.

---

*Self-Regulatory Organization or Administrative Proceeding:* None to report.

*Bankruptcy Petition:* James Watson Jr., was an owner of BBQ Marietta, Inc. when it filed for Chapter 7 bankruptcy in 2010. The bankruptcy was filed in the State of West Virginia and the case number was: 4:10-40246.