

**Item 1: Cover Page**

**Zelek & Associates, A Financial Services Corporation**

**This brochure provides information about the qualifications and business practices of Zelek & Associates. If you have any questions about the contents of this brochure, please contact us at (603) 476-9789 or [Zelek@ZelekandAssociates.com](mailto:Zelek@ZelekandAssociates.com). 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 Zelek & Associates is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov)**

Zelek & Associates

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James W. Zelek, Investment Advisor Representative\*

Celeste M. Monaghan, Investment Advisor Representative\*

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**Item 2: Material Changes**

The most recent ADV Part 2 for the firm was prepared in March of 2010 as part of the submission for the 2010 annual ADV update for IARD. There have been no material changes since that date.

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*\* Registration does not imply a certain level of skill or training*

#### **Item 4: Advisory Business**

Zelek & Associates provides Investment Advisory Services and Financial Planning Services to both individuals and business entities. These services provide for the monitoring, active management and advice of the client's investment accounts.

Principal owners of Zelek & Associates are James W. Zelek and Linda S. Zelek. They have been in the Financial Services business since 1983, providing advisory services since 2001. Advisory Services are not provided by Linda S. Zelek.

As of March 25, 2011 Zelek & Associates has \$500,000 in non-discretionary assets under management. Zelek & Associates does not have discretionary assets under management at this time.

#### **Item 5: Fees and Compensation**

Zelek & Associates offers a variety of financial planning, investment management and advisory services. Service fees may be fixed, charged on an hourly basis, based on a percentage of assets under management, or based on commissions.

Financial planning fees cover the development of financial plans or the analysis of specific financial variations or valuations and are charged hourly at a rate of \$135 per hour\*.

Compensation is not paid until the plan has been delivered. Please note that the hourly fees may be waived and may be replaced by a percentage of assets under management and /or commission.

Investment Advisory fees are determined by the total value of assets under management. The fee schedule for assets under management\* are:

\$ 0-149,999 = 1.5% per year  
\$150,000-499,999 = 1% per year  
\$500,000- and up = .50% per year

Fees are to be paid quarterly per annum in advance. Clients are billed directly for fees incurred. Fees can be deducted from client's accounts with written permission from the client. There are no minimum annual fees required by Zelek & Associates. Investment advisory contracts are non assignable and can be cancelled at any time. If the contract is cancelled the fees for that period will be pro-rated and the remaining balance returned.

In lieu of fees we may accept payment of Investment Advisory fee by commission. For the purpose of Investment Advisory fees in lieu of commission, commissions are defined as any upfront fee paid by the sponsor on class A (Front Load) Mutual Funds or Front End-Back End fees on any stock, bond, option or warrant transaction. The client is responsible for ticket transaction fees charged by the Clearing Firm and Custodial Fees charged by the account Custodian. Upon agreement, fees and commissions may be used simultaneously.

In addition, representatives may also receive trails on mutual funds as published in the prospectus. This practice may present a conflict of interest as it provides incentive to recommend

investment products based on compensation received, rather than on a client's needs. As always, client's have the option to purchase recommended investment products through other brokers or agents not affiliated with Zelek & Associates.

*\*Fees are non-negotiable*

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

Zelek & Associates does not offer performance based fees or side-by-side management.

#### **Item 7: Types of Clients**

Zelek & Associates offers services to individuals of various net worth, business entities, corporations, trusts, estates, charitable organizations, and pension and profit sharing plans.

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

Zelek & Associates' uses a variety of methods for investment analysis including charting, fundamental and cyclical. Used in conjunction with one another, these analysis methods allow the firm to assess risk, cash flow and the resale value for a potential investment. Zelek & Associates is then able to provide the investor with information on which investments will best meet their financial objectives.

In an attempt to best serve our clients, Zelek & Associates uses numerous investment strategies including long and short term purchases, securities trading, short sales, margin transactions, and option writing (including covered options, uncovered options, and spreading strategies.)

Clients should be aware that all investments bear risk of loss of principal and there are no guarantees of success related to any investment. Some investment strategies have additional fees such as securities purchased on Margin may be subject to Margin fees. Short term sales may be subject to capital gains tax.

#### **Item 9: Disciplinary Information**

Zelek & Associates has no disciplinary proceedings now or pending.

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

Broker-Dealer, James W. Zelek, Registered Principal for Lincoln Financial Securities Corporation. President of Zelek & Associates, A Financial Services Corporation.  
Broker-Dealer, Celeste M. Monaghan, Registered Principal for Lincoln Financial Securities Corporation. VP Financial Services for Zelek & Associates, A Financial Services Corporation.  
Broker Dealer, Mary C. McIntyre, General Securities Administrative Representative for Lincoln Financial Securities Corporation.

Linda S. Zelek, Vice President Tax Services for Zelek & Associates, A Financial Services Corporation.

The clearing agent custodian, Pershing, for investment advisory accounts charges fees and commissions to execute transactions in the client's account.

Other financial industry activities include limited partnerships, direct investments, annuities fixed, indexed & variable and life, accident, health and dental insurance.

Other corporate activities are tax preparation, payroll & bookkeeping services and entity formations.

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

- Zelek & Associates abides by federal and state securities laws.
- All dealings with clients are confidential and all employees are instructed to maintain strict client confidentiality in all dealings.
- Zelek & Associates operates under the principle of full and fair disclosure both in its written contracts and in the presentation of its business operations. The ADV Part 2A serves as the disclosure document for the firm.
- Zelek & Associates will promptly report to all regulatory agencies any advisory or compliance breaches.
- When an investment is recommended for purchase or sale that is also purchased or sold in the representatives' account or a related persons account the client's trade will be placed first or as a block trade at the end of the day where everyone will receive the same price.
- When an investment is already held in the representatives or a related persons account the client will be notified in advance of the transaction; because this could cause an increase in the price per share causing a possible conflict of interest.

### **Item 12: Brokerage Practices**

Zelek & Associates is not an affiliate of Lincoln Financial Securities Corporation. However, we do utilize Pershing, LLC for clearing and custodian purposes. Pershing is a clearing firm which is hired by broker dealers like Lincoln Financial Securities to hold their customers' brokerage account assets. Clearing firms execute trades, provide customer confirmations and statements, act as custodians for customers' assets, and handle many tax-related reporting task.

Zelek & Associates selected Pershing as its clearing firm based on its industry experience, its financial stability, and the vast range of programs and services it offers.

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

As part of Zelek & Associates routine business practice, an updated New Account Form is maintained for each client. The NAF is populated by the client and describes the client's financial information, investment objectives, risk tolerance, and prior investment experience. Using the provided information Zelek & Associates' CEO, James W. Zelek reviews 500+ +/- accounts on a weekly/daily basis as required to ensure account performance is in line with the

client's objectives. Zelek & Associates' VP of Financial Services, Celeste M. Monaghan also reviews 500+ / -accounts on a weekly/daily basis as required. We try to complete an annual review with our clients. In this review we update the client's goals and adjust for any significant changes that may have occurred since our last review. At times our clients will have on going events that require reviews to be completed more frequently and we are happy to accommodate their needs as they arise.

In addition to account access via the Zelek & Associates website, clients receive detailed quarterly statements provided by the investment company / custodian and can compare account performance against their goals. Each quarterly statement describes the assets held, the transactions which occurred in the account during the quarter, any withdrawals or contributions of capital in the account, and the receipt of any dividends or interest income.

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

Zelek & Associates does not participate directly or indirectly in compensating any person for financial client referrals. The tax department does offer a discount in the preparation of a clients tax return upon completion of a referred clients tax return.

#### **Item 15: Custody**

Zelek & Associates maintains a business relationship with Pershing, a custodian/ clearing agent to hold the client's account. Pershing sends detailed statements to clients with activity in their account on a monthly basis and clients who have had no activity on a quarterly basis. If client funds are held directly with another investment company, clients will also receive a detailed quarterly statements of such account. Clients are always encouraged to review their account statements and compare account performance against their personal investment objectives.

#### **Item 16: Investment Discretion**

Zelek & Associates does not accept discretionary authority to manage securities accounts on behalf of its clients.

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

Clients of Zelek & Associates obtain information directly on upcoming or pending issues that may require a vote. Zelek & Associates will consult with the client on issues that may affect the value of the securities held in the clients account however it is the client's responsibility to place the vote.

#### **Item 18: Financial Information**

Zelek & Associates accepts prepayment up to three months in advance (1 quarter) for Investment Advisor Fees.

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

James W. Zelek currently serves as President /CEO of Zelek & Associates and has since its incorporation in 1994. As acting OSJ Manager and approving Principal, James W. Zelek has completed 3 years of college and holds Series 7, 24, 63, and 65 licenses as well as State of New Hampshire & Massachusetts Life, Accident, and Health insurance licenses.

Celeste M. Monaghan has been with Zelek & Associates since April 1999 and currently serves as VP of Financial Services. Acting as secondary approving Principal since April 1, 2010, Celeste has not had college experience and currently holds Series 7, 24, and 66 licenses as well as State of New Hampshire & Massachusetts Life, Accident, and Health insurance licenses. She is a Notary Public in the State of New Hampshire.

Mary C. McIntyre serves as Financial Services Administrator for Zelek & Associates. Mary has completed 6 months of college and 1 year of vocational education and currently holds Series 7, 63 and 65 licenses as well as State of New Hampshire Life, Accident, and Health insurance licenses.

### **Below please find all Disclosure Event Details relating to Zelek & Associates.**

#### Disclosure 1: Customer Dispute – Settled

Allegations: Conseco Variable Annuity purchased by client in January 2000 was not suitable.

Date Complaint Received: 01/10/2006

NASD Case Number: 05-06031

Disposition: Settled 11/28/2006

Monetary Compensation Amount: \$40,000

Individual Compensation Amount: \$7,500

Summary: While we affirm our position on the lack of merit in this case, the cost of defending this action would have surpassed the cost of our settlement. Therefore as a business decision the settlement offer was extended to the customer.

#### Disclosure 2: Judgment / Lien

Judgment Lien Amount: \$72,500

Judgment / Lien Holder: US Treasury

Judgment / Lien Type: Tax

Date Filed: Various

Judgment Lien Outstanding: Yes

Court: UCC Concord, NH

Docket #: 614297320, 604776309

Summary: To avoid having to lay off employees Zelek & Associates retained payroll taxes due. We are currently working with the IRS on a repayment schedule and are paying approximately \$2,000 per month toward the tax due.