

Introduction

As a registered investment adviser, STAR, LLC dba Alta Financial Group must comply with SEC Regulation S-P, which requires registered advisers to adopt policies and procedures to protect the "nonpublic personal information" customers and to disclose to such persons' policies and procedures for protecting that information. Nonpublic personal information includes nonpublic "personally identifiable financial information" plus any list, description or grouping of customers that is derived from nonpublic personally identifiable financial information. Such information may include personal financial and account information, information relating to services performed for or transactions entered into on behalf of clients, advice provided by STAR, LLC to clients, and data or analyses derived from such nonpublic personal information. In addition, the obligation for investment advisors such as STAR, LLC to maintain the absolute privacy of their clients and their clients information is addressed in the Gramm-Leach-Bliley Act Privacy Safeguards Rule, 16 CFR Part 314. In November 1999, Congress passed landmark legislation repealing Depression-era restrictions on cross-ownership between banks, insurance companies, and broker-dealers. Included in the Gramm-Leach-Bliley Act (the GLBA) was a separate chapter restricting the sharing of consumer information collected by financial institutions with third-party firms or vendors. Nearly all firms involved in the financial services industry - including financial planners - are subject to the federal regulations, and many will be subject to future state privacy statutes and regulations. Federal privacy regulations issued pursuant to Title V of the GLBA became effective November 13, 2000, and require financial institutions to create a comprehensive privacy policy and send privacy notices annually to customers.

Overview

The GLBA requires "financial institutions" to protect the privacy of most information they obtain from individuals who use their products and services. The term "financial institution" is defined broadly. It includes investment advisers, broker-dealers, investment companies, and insurance agents and brokers. (References throughout this summary to investment advisers include financial planners.) Financial planning firms are not defined in the federal or state regulations, but nearly all planners with a comprehensive practice will be covered under these rules. Generally speaking, under the rules financial planning firms must:

- Create a privacy program;
- Provide privacy policy notices to their clients and prospective clients;
- Provide clients and prospective clients with the ability to opt out from the disclosure of information to nonaffiliated third parties (with certain key exceptions);
- Maintain appropriate additional records of the firm's privacy policy and related client communications for purposes of Securities and Exchange Commission (SEC) and state recordkeeping rules (if a registered investment adviser); and
- Be prepared to deliver annually thereafter (not merely offer, as is permitted in the case of Part II of Form ADV) to clients the privacy policy and opt-out procedures.

Non-Disclosure of Client Information

STAR, LLC maintains safeguards to comply with federal and state standards to guard each client's nonpublic personal information. The term "nonpublic personal information" means personally identifiable financial information and any list, description or other grouping of consumers that is derived using any personally identifiable financial information that is not publicly available. The term is broadly defined to include any information a consumer provides to a financial institution that is not publicly available, including public information that is derived from nonpublic personal information. Consequently, the term includes customer lists and even the mere fact that someone is a customer. STAR, LLC does not share any nonpublic personal information with any nonaffiliated third parties, except in the following circumstances:

- As necessary to provide the service that the client has requested or authorized, or to maintain and service the client's account:
- As required by regulatory authorities or law enforcement officials who have jurisdiction over STAR, LLC,
- Or as otherwise required by any applicable law, and to the extent reasonably necessary to prevent fraud and unauthorized transactions.

Employees are prohibited, either during or after termination of their employment, from disclosing nonpublic personal information to any person or entity outside STAR, LLC, including family members, except under the circumstances described above. An employee is permitted to disclose nonpublic personal information only to such other employees who need to have access to such information to deliver our services to the client.

Security of Client Information

STAR, LLC restricts access to nonpublic personal information to those employees who need to know such information to provide services to our clients. Any employee who is authorized to have access to nonpublic personal information is required to keep such information in a secure compartment or receptacle on a daily basis as of the close of business each day. All electronic or computer files containing such information are password secured and firewall protected from access by unauthorized persons. Any conversations involving nonpublic personal information, if appropriate at all, must be conducted by employees in private, and care must be taken to avoid any unauthorized persons overhearing or intercepting such conversations.

Initial Privacy Notices

STAR, LLC must provide initial privacy notices in two situations:

1) When a customer relationship is established, initial notice must be given no later than the time the investment adviser or broker-dealer establishes a "customer relationship" with an individual. The term "customer relationship" is defined to mean a continuing relationship. A customer relationship exists when an individual enters into an advisory contract, when a brokerage account is created, or when a securities transaction is affected. Initial notice may be given at the same time an investment adviser or broker-dealer is required to give other notices, such as the required notice of credit terms in margin transactions, or the written disclosure statement (brochure) that an investment adviser must provide a client with no later than the time of entering into an advisory contract with the client (requiring delivery of the brochure (i) not less than 48 hours before entering into an investment advisory contract with the client or (ii) at the time of entering into the contract as long as the client has at least 5 business days to cancel the contract without penalty). There are several situations in which initial notice may be delayed even after a customer relationship is established. Those situations include instances where the consumer's transaction would otherwise be delayed and the consumer agrees to receive the notice at a later time as well as when a nonaffiliated investment adviser or broker-dealer purchases fund shares or establishes a brokerage account on behalf of a customer.

2) Even if no customer relationship is established, initial notice must be given if STAR, LLC obtains nonpublic personal information from a "consumer" and plans to disclose the information to a nonaffiliated third party. The term "consumer" is defined to mean an individual who has obtained a financial product or service from an investment adviser or a broker-dealer if that product or service is to be used primarily for personal, family or household purposes. For example, an individual who provides nonpublic personal information to obtain investment advisory services or brokerage services is considered to be a "consumer," even if no ongoing advisory or brokerage relationship is established. But an individual who provides his or her name, address, and areas of investment interest solely as part of a request for an investment adviser brochure or a prospectus would not be considered to be a "consumer".

Annual Privacy Notices

Privacy notices must be provided to customers annually until the customer relationship is terminated (for example, when an individual's brokerage account is closed or an investment advisory relationship is terminated). "Annually" means at least once in any period of 12 consecutive months during which the relationship exists. It is your choice how to determine the 12 consecutive month period, but it must be applied to individual customers on a consistent basis.

Revised Privacy Notices

If an existing customer obtains a new financial product or service, you do not need to send an additional privacy notice as long as the most recent notice is accurate with respect to that product or service. If there have been significant changes since the last notice was given (for example, a planned disclosure of nonpublic personal information to a new category of nonaffiliated third party), you must provide a revised notice.