

# 1 Cover Page

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This brochure provides information about the qualifications and business practices of LitKor Consultants Inc. Please contact L. A. Little if you have any questions regarding the contents of this brochure at 303-993-9070 or via email at [tat@tatoday.com](mailto:tat@tatoday.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 LitKor is available on the Internet at <http://www.adviserinfo.sec.gov>. You can search the site for registered investment advisors by a unique identifying number, known as a CRD number. The CRD number for LitKor is 140756.

Note: Anywhere that you see L.A. Little identified as a “registered investment adviser”, recognize that registration in this context does not imply a certain level of skill or training.

## **2 Material Changes**

Since the last issue of this document, the following material changes have occurred. Those material changes since the last issue includes:

1. The entire document was revamped to meet the new state requirements for brochure content and formatting.
2. The document now contains both offered services and account management services whereas previously this was in two documents.

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## 4 Advisory Business

### A. Advisory Service Description

LitKor Consultants Inc. (hereafter referred to as LitKor) provides stock trading services to individuals, businesses and trusts as described herein. The business is divided into Advisory Services (newsletter and membership services) and Portfolio Management. These services are explained below.

LitKor has been in business since February of 2005 and began offering an investment advisory service starting in July of 2007. The principal owner (100%) is L. A. Little. There are no subsidiaries or intermediate subsidiaries of LitKor.

### B. Types of Advisory Services Offered

LitKor offers two classes of service: an advisory service and a portfolio management service.

For the advisory service, LitKor offers advice in the form of newsletters and email alerts targeted to clients who seek advice but wish to manage their own portfolios. These services are offered in various forms through [www.tatoday.com](http://www.tatoday.com).

The portfolio management service is offered as actively managed simple managed accounts (SMA) whereby the principal of the firm manages a collection of individual accounts as part of a larger virtual portfolio (this is sometimes referred to as an Omnibus account). Conceptually, there is a master trading account where the trades are issued. Each trade (purchase or sell) that LitKor makes in the portfolio is made to all managed accounts (for a specified account type) simultaneously and proportionally based on each account's asset percentage relative to the total assets of all the managed accounts as graphically shown below.

**1 trade in master account for 100 shares is split proportionally between all sub-accounts**



LitKor assists you to establish a margined or non-margined account with our selected brokerage service, Interactive Brokers (LitKor has no affiliations with

Interactive Brokers) (Interactive Brokers can be found at <http://www.interactivebrokers.com>). The account is opened in your name and you grant LitKor the right to trade the account on your behalf as part of the master trading account as shown above.

LitKor engages in the trading of securities through this account for a management fee. The investment management service is limited to the trading of securities on your behalf through your account(s) with Interactive Brokers. Management fees are paid on a quarterly basis in arrears and are described in detail later in this brochure.

### **C. Individual Preferences**

Neither the advisory service nor the portfolio management service is specifically tailor its management approach to the individual needs of each client. For the portfolio management service LitKor does offer multiple account types (as described above there are multiple *virtual portfolios*) that provides the individual investor the ability to choose an account type where the risk tolerance level of the investor matches the type of overall risk taken in the account. Specifically, LitKor offers two account types as described below. The primary difference between the two accounts types are that margin accounts trade in options occasionally, sometimes short individual stocks and may hold stock on margin. Non-margin accounts do not participate in any of these activities.

1. Margin – In a margin account, LitKor will occasionally trade options contracts on a speculative basis (directional positions) when the potential payoffs are significantly high. The vast majority of trading that takes place in this account type is limited to stocks however. LitKor trades both long and short positions (either outright short positions or via inverse ETF/ETN stock vehicles). When fully invested, the portfolio will hold 60 to 90 individual stock positions and use reverse ETFs to minimize temporary, as well as permanent, draw downs. This portfolio seeks to preserve capital and achieve steady growth in portfolio value. Outside of shorting individual stocks, the portfolio seldom holds positions on margin but doesn't restrict that practice.
2. Non Margin – In a non-margin account, LitKor only trades stocks. No options are traded. LitKor trades both long and short positions (short positions accomplished via inverse ETF/ETN stock vehicles where they exist). When fully invested, the portfolio will hold 60 to 90 individual stock positions and use reverse ETFs to minimize temporary, as well as permanent, draw downs. This portfolio seeks to preserve capital and achieve steady growth in portfolio value. It was created specifically for IRA type accounts where outright short positions are not possible (since IRA accounts cannot be margined accounts).

Note that LitKor is a niche service, focused solely on increasing wealth primarily through stock trading. It is assumed that the client has engaged in portfolio analysis outside of this service offering and has determined that they wish to allocate a certain percentage of their overall financial assets into such an investment strategy.

#### **D. Wrap Fees**

By definition, a wrap-fee program bundles or wraps investment advice, custody and execution services under one contract for a single fee. Generally, these programs involve one or more investment advisers and a broker-dealer that provide the client with portfolio management and asset-allocation services, maintain custody of the client's funds and securities and execute client securities transactions. The fee is a flat annual sum based on the amount of assets under management (in contrast to separate fees for each transaction), and the price includes brokerage commissions based on the amount or type of securities transactions executed for a given account.

LitKor is not a broker-dealer and does not engage in wrap fees.

#### **E. Client Assets Managed on a Discretionary Basis**

All assets managed by LitKor are managed on a discretionary basis. LitKor only manages accounts where LitKor has trading authority for the client accounts.

## **5 Fees and Compensation**

#### **A. Fees**

LitKor offers the portfolio management service to *qualified* investors where a *qualified* investor is defined as (per SEC or similar state statues) one who either

- Has a net worth of \$1,500,000
- Or places \$750,000 dollars or more under LitKor management

The service offered is a performance based plan where no charges are incurred unless your portfolio capital base is increased. Fees are non-negotiable.

#### **B. Fee Payment Method**

For the portfolio management service, fees are billed on a quarterly basis in arrears at the completion of the quarter. Billing can be either automatic from the account or directly to the client; whichever the client prefers and are due 15 days after closure of the quarter. For this specific service, there is no prepayment of fees.

Fees are due in full, within 15 days of charge (on a quarterly basis). LitKor has the right to discontinue management of funds for non-payment of fees.

For the advisory services, fees are billed in advance with a free trial period available for all potential subscribers to examine and determine if the product is valuable to them. All services are renewable and the user can cancel their subscription at any time prior to the next billing cycle or within 5 business days after a new cycle has been billed.

### **C. Other Fees Portfolio Management Service**

LitKor actively manages positions (we do not buy and hold) and there are transaction fees deducted by the brokerage firm (Interactive Brokers) for each buy and sell order executed. Additional miscellaneous charges from Interactive Brokers may occur as well. These additional charges are minimal and happen for various items such as fees applied by the exchange which is passed on to Interactive Brokers customers.

Unlike most firms, LitKor does not charge management or custodial fees..

### **D. Account Size Portfolio Management Service**

The minimum account size for margin and non-margin accounts is \$100,000.00. There currently is no maximum.

### **E. LitKor Compensation**

All income LitKor receives for portfolio management services described herein is based strictly on a performance arrangement. LitKor receives no additional fees or commissions for buying or selling securities on the client's behalf.

Note that all brokerage and transaction costs are included and reflected in the Interactive Brokers statements. Tax obligations are not handled as part of this agreement and are the responsibility of the investor. Note that the vast majority, if not all profits generated, will be short term capital gains with respect to IRS classification. Interactive Brokers does provide 1099 reports and yearly account transaction breakdowns for all client accounts for simplified tax reporting purposes.

For advisory services, LitKor is compensated on an agreed to amount which provides access to the buyer for an agreed to duration (months or years).

## **6 Performance Based Fees and Side-by-Side Management Portfolio Management Service**

For all LitKor managed portfolio accounts, LitKor's compensation is performance based. A 15% fee is charged for returns generated for clients and is based on the asset *gains* generated from quarter to quarter. The fee determination is calculated based on the account statements provided by Interactive Brokers on a quarterly basis. The Interactive Brokers statements reflect all transaction costs (brokerage trading fees) and adjustments for stock splits, dividends, interest earned and expensed, etc. The fee schedule is non-negotiable and the percentage charged is identical regardless of the portfolio size managed.

If losses are incurred on a quarterly basis, the losses are carried forward to the next quarter and indefinitely until sufficient profits are generated to cover the previously generated losses. During a loss period, **no charges are incurred** for the asset management.

Although the 15% fee may seem like a lot, in reality it is quite reasonable when compared to both competing hedge fund fees and even when considering fees for managed brokerage accounts. As an example, consider a managed brokerage account where a 1 to 3% fee is charge on the asset size of the portfolio (these fees were taken from advertising materials taken from multiple Internet sites such as [www.thefinancialadvisors.com](http://www.thefinancialadvisors.com), [www.schwab.com](http://www.schwab.com), etc.). Assume you have a \$200K portfolio that is being managed. The fee for that management on a yearly basis would be \$2K - \$6K for the first year regardless of whether the brokerage firm actually increases your assets value or, worse, decreases your account value.

Now contrast this to that same \$200K portfolio with LitKor. First off, there would be **no charges** unless your account asset value grows during the year. Secondly, if LitKor were to increase your account to \$220K (a 10% gain in asset value for the year), your charges for that portfolio management would be only \$3K; an amount that is in line with the amount you would pay for a managed brokerage account as described above.

## 7 Types of Clients

For the Portfolio Managed Accounts, LitKor accepts clients who are capable of opening, funding, and maintaining a margined or non-margined account with Interactive Brokers. Margined accounts are preferred but not required. Margined accounts provide LitKor with greater flexibility in pursuing higher returns. Types of accounts include but are not limited to individual, joint, IRA, custodial, business, trust accounts, etc.

Note that the use of margined accounts carries certain risks. When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from the brokerage firm. If you choose to borrow funds from the brokerage firm, you will open a margin account with the firm. Likewise, typically

if you trade futures, stock futures, or take short stock positions through the brokerage firm, you must have a margin account (note there are certain financial instruments available that allow a client to short a group of stocks by buying the instrument thus allowing non-margin accounts to profit in a market that is declining). The securities and futures contracts purchased are the brokerage firm's collateral for the loan to you. If the securities or futures contracts in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the brokerage firm can take action, such as sell securities or other assets in any of your accounts held with the brokerage firm or issue a margin call, in order to maintain the required equity in the account. In the case of Interactive Brokers, margin calls are not generally issued and instead, securities are liquidated. In such a situation, it is possible that you can lose more funds than you deposit in the margin account.

When opening an account, a minimum of \$100,000 is required.

For advisory services, there are no minimal qualifications.

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

### **A. Method of Analysis**

LitKor's investment analysis is centered on a four-pronged approach; technical analysis, examination of key fundamental ratios, active account management and the implementation of trend following concepts augmented with timely entry and exit strategies as outline by the principal, L.A. Little in his book Trend Qualification and Trading. Application software that qualifies trend for every stock, sector and index is employed by LitKor and used to power the snapshot view provided through the concept known as the Trading Cube. LitKor has, as its primary trading objective, to protect the client's asset base first (minimal drawdown on account asset value) and to maximize opportunity second. This is true of all account types.

### **B. Technical Analysis**

Our primary approach is to trade on technical analysis. Technical analysis is a method of evaluating securities by relying on the assumption that market data (primarily charts of price and volume with respect to time) can help predict the short term future of market trends. Market trends are then exploited for trade setups that offer good reward to risk probabilities. LitKor primarily places trades based upon technical analysis. Although LitKor does consult and consider the fundamentals of a company (primarily the key ratios ROE, YOY revenue and

sales growth are examined), our primary evaluation is performed through technical analysis.

### **C. Active Account Management**

Active account management is tied closely to the concept of risk avoidance. Any position taken in the securities market has risk associated with it. LitKor actively manages accounts to reduce risk. With inexpensive commissions (\$1 per 100 shares for securities), it is far more important to avoid extended losses than to pay the commission associated with closing a position during uncertain times and re-opening the position at a later date under more favorable circumstances.

Recognize that this is a very different strategy than buy and hold and there are increased brokerage costs given the higher frequency of trades. LitKor also believes it is far more advantageous to scale into and out of positions on a regular basis as the technical characteristics of the stock evolve. This also contributes to more frequent trades and higher brokerage transaction fees.

In the margin and non-margin account types, risk is spread across many stocks and across many time frames. This reduces overall risk dramatically and minimizes account draw downs. The size of the trade taken as a percentage of the portfolio is based on the probability of success in addition to the risk versus the reward of the trade in question. This allows for out-performance over time with lower overall risk and reduced periods of account draw downs.

### **D. Trend Following and the Trading Cube**

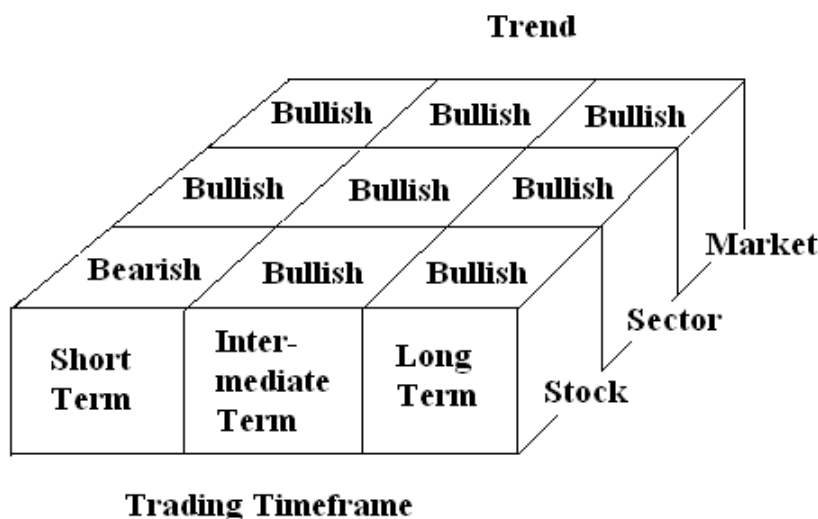
Ideally you only want to make a securities trade when the odds associated with a trade favor success. Because the buying and selling of securities necessarily involves the concept of future time and since the future is unknown, you can never know with certainty that the potential buying or selling of securities will be successful.

LitKor has developed a concept called trend qualification which seeks to understand the true trend as a notion of strong and weak trends. That concept is visualized through the Trading Cube. Algorithms have been developed to aid in decision making regarding the purchase or sell of a security based on the probability of that purchase or sale succeeding on a given time frame.

Essentially, the Trading Cube attempts to identify the potential success of a trade based on the stock, the stock sector and the general market trends that prevail for varying time frames. When combined with volume analysis and market internals, the Trading Cube offers an edge over other trading systems. LitKor thus uses these technical tools to recognize and enter trades with stop out parameters understood *before* entering the trade; not afterwards. Risk and reward parameters are therefore determined prior to trade entry.

As an example, the following diagram offers an ideal *retrace* trade. A *retrace* trade is a trade where you attempt to purchase a strongly bullish stock that has pulled back in the short term. The most promising trade of this type would be if the trading cube had the following characteristics

**Figure 1 - The Trading Cube - A Bullish Retrace**



In this view we can see that for all time frames the general market and the market sector that this stock participates in are bullish. Additionally, this stock is bullish both in the intermediate and long term time frames. Note that it is bearish in the short term time frame. If you looked at a chart of this stock (the stock sector and general market charts are not shown here; but for the purposes of this example, they are assumed to be bullish in all time frames), to have these characteristics it would appear as follows:

**Figure 2 - KO - A Bullish Retrace Chart**



Assuming that the volume flows support a continued price rise for this stock, this trade setup offers a very high reward, low risk entry point based on The Trading Cube analysis for a short to intermediate term trade. In such a trade setup, we would take a larger sized position with varying entry and exit points (for both stops and sells if a successful trade).

Through the use of The Trading Cube, LitKor is able to increase rewards while maintaining lower risks. This minimizes account draw down while creating the potential for greater gains than the buy and hold approach.

### **E. Average Trade Duration**

For the majority of trades, LitKor will enter and exit the trade on a short term basis. This results in higher transactions costs (each buy and sell of securities results in commission costs) but as explained earlier, the costs of the transaction is viewed as acceptable to the uncertainty of larger losses. LitKor practices the principal of averaging in and out of trades both to capture profits and to reduce

losses. Some positions are on the books for long period of times but usually trades are made to both purchase and sell portions of those securities throughout the holding period. The stock market ebbs and flows; it doesn't go straight up or down for extended periods of time. Buying and selling during these periods of expansion and contraction is a key part of increased performance.

The average trade varies but typically runs from two to three weeks. Our systematic approach is to add and subtract from individual stock holdings as individual stock, sector and general market conditions warrant. Stocks that violate our stop loss objectives are removed quickly.

### **F. Risk**

With every trade made, there will be an element of risk. There is the possibility that any and all trades can lose money. Securities risk is real and past performance is no guarantee of future results.

### **G. Account Draw Downs**

LitKor believes that a key component for consistent out-performance over the long term is to minimize account draw downs. This is true for all account types (it's just a question of how much of a draw down is acceptable that differs). For margin and non-margin, LitKor seeks to contain draw downs to within 5% of the all time highs of the portfolio. In both account types, LitKor realizes that the seeking to minimize draw downs is sound money management principal premised on the notion that it is easier to make up missed opportunity than to make up losses.

A capital draw down is, simply said, where the account value decreases rather than staying the same or increasing over some period of time. The importance of minimizing account draw downs can be best illustrated with an example.

Assume you have an account value of \$200K. Now assume that you allow existing positions in the account to devalue by 20% (in other words, you lose 20% on the trades made for that period of time). In so doing, your total account value would now be \$160K.

Now consider what it will take in terms of percentage gains to just get the account value back up to the original amount. It's not 20% but instead **25%**. Why? You have to make a higher percentage of returns to get back to even because your account value base is smaller. 20% gains on \$160K is only \$32K, not the \$40K that was lost.

Again, it's a lot easier to make up missed opportunity than losses!

## **H. Hedging**

LitKor does engage in hedged trading; the practice of having both long and short positions simultaneously. There are many ways to hedge a portfolio and many reasons to do so as well. Not all stocks move in the same direction at the same time. There is more than one trend at work at any given time period and the trends at work differ from stock to stock, sector to sector and in the general markets as well. This offers both opportunity and risk. Hedge trading seeks to maximize the opportunity and reduce the risk.

## **I. Options Trading**

Although LitKor's primary focus is on the trading of stock securities, LitKor does engage in options trading for margin account types on an infrequent basis.

## **J. Cash Balances**

Although LitKor is interested in keeping cash balances to a minimum, many times you will find that the cash balance is high. This happens for two reasons. During times of uncertainty, it is advisable to maintain higher levels of cash and we do. Secondly, LitKor trades index and sector ETFs in larger position sizes and many times will trade out of large positions completely overnight resulting in high cash balances. This is a normal practice of LitKor and is part of the overall strategy to minimize risk while maximizing rewards.

Note that during these periods, cash is maintained in the Interactive Brokerage account. Interactive Brokers pays a rate of return on cash that is comparative to and in many cases, greater than that of other brokerage firms and we simply gain that interest rate while waiting for better trading conditions or trading in and out of positions during the day.

## **9 Disciplinary Information**

There are no legal or disciplinary actions or outstanding judgments against LitKor or L.A. Little, the principal in the company.

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

LitKor has no financial industry activities or affiliations that require disclosure.

### **A. Registered representative of a Broker Dealer**

Neither LitKor nor LitKor principals are registered nor do they have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

### **B. Futures Commission Merchant, CPO or CTA**

Neither LitKor nor LitKor principals are registered nor do they have an application pending as a futures commission merchant, a commodity pool operator, or a commodity trading advisor.

### **C. Material Relationships**

Neither LitKor nor LitKor principals have any material relationships or arrangement with any related person listed below:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker
- An investment holding company, a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” nor an offshore fund
- Investment adviser or financial planner
- Futures commission merchant, commodity pool operator, or commodity trading advisor
- Banking or thrift institution
- Accountant or accounting firm
- Lawyer or law firm
- Insurance company or agency
- Pension consultant
- Real estate broker or dealer
- Sponsor or syndicate of limited partnerships
- Securities exchange, securities association, or alternative trading system

### **D. Recommendations and Compensation**

LitKor does not make recommend or select other investment advisors for clients and thus does not receive in compensations related to doing so.

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

### **A. Code of Ethics**

LitKor does not have a codified code of ethics nor do we follow any particular industry standard.

### **B. Potential Trading Conflicts**

L.A. Little does maintain an account with Interactive Brokers that is part of the umbrella account described previously and in so doing, shares the same risks and rewards as client accounts. Additionally, L.A. Little, may buy and sell securities for himself in other accounts that may or may not be at odds with the positions of client accounts at any given point in time. Despite the possibility of being at odds

with his on personal trading accounts, L.A. Little does act in the best interest of all clients; acting in a fiduciary role for those clients. Unfortunately there is no way to completely abstain from potential conflicts of interest arising from these relationships but L.A. Little does his best to act in the best interest of all clients in all transactions performed on their behalf.

### **C. Personal Trading**

LitKor does engage in active management and trading of personal accounts for L.A. Little. Additionally, L.A. Little may maintain and trade other personal accounts that are distinct from the umbrella Interactive Brokers account described previously.

## **12 Brokerage Practices**

LitKor has selected Interactive Brokers as the brokerage/dealer for their trading platform due to their ease of use, reliability and continued cost cutting practices. It is our opinion that Interactive Brokers provides you extremely low cost commissions as compared to the brokerage industry without a sacrifice in service quality and capability.

LitKor does not engage in any soft dollar benefits. Since Interactive Brokers does not offer soft dollar benefits, LitKor does not receive any *soft dollars* from our relationship with Interactive Brokers for client account transactions. The Interactive Brokers trading platform is provided as a service to all customers of Interactive Brokers and at no cost when they open an account (retail and professional clients). Similarly, any research and advisories published by Interactive Brokers that may be shared with clients is available to both retail and professional clients alike at no cost.

### **A. Brokerage for Client Referrals**

LitKor does not receive any client referrals as a result of selecting or recommending any broker-dealer.

### **B. Directed Brokerage**

LitKor does require that clients open an account with Interactive Brokers. The policy regarding this is simple and straightforward. Interactive Brokers provides a unified platform for trading multiple accounts as if they were a single account. This greatly reduces the difficulty of managing multiple accounts and provides consistent returns across all the accounts.

Interactive Brokers provides reliable service at some of the lowest rates available. That is why LitKor has chosen and uses Interactive Brokers as its only brokerage service.

Note that LitKor receives absolutely no individual material benefit, direct or indirect, from Interactive Brokers as a result of directing client trading through them. LitKor does utilize the standard trading platform and has access to some research tools provided by Interactive Brokers as a result of having an account with them. The trading platform and any tools utilized are used for the benefit of all clients.

### **C. Bunching of Orders**

With some broker/dealers, if you trade sufficient volumes you can bunch orders in order to receive reduced transaction costs. Since LitKor essentially bunches orders each time a trade is made (each client's order is bunched with all other clients' orders) whatever benefits that is derived from this practice benefits the clients directly.

## **13 Review of Accounts**

LitKor indirectly monitors client accounts nightly as part of our general monitoring of our own account. We compute portfolio balances (long, short, cash) on a nightly basis as well as spot check that commissions were applied appropriately. All other reviews are random reviews that are periodic in nature. There is no set schedule.

Regular reports are available for client review through Interactive Brokers on a nightly basis. Reports can be viewed in a variety of formats and for different periods from single day, monthly and yearly. Once an account is established, each client has access to these accounting reports via the Internet and can monitor the account assets on a daily basis if desired. Yearly reports for tax accounting are also provided by Interactive Brokers.

## **14 Client Referrals and other Compensation**

LitKor offers an incentive to individuals or organizations (referred to as referring party for the remainder of this section) that make referrals of potential clients. The structure of the payment is as follows:

1. A referral of a potential client along with contact information is provided to LitKor in writing by the referring party.
2. As of the date of the referral, LitKor grants an exclusive 6 month period to the referring party for the referral; a period of time that LitKor follows up with the potential client and attempts to sign them up as a client.
3. If the referred potential client signs within LitKor within the 6 month period described above, then the referring party qualifies for a referral fee.

4. The referral fee is based entirely on the returns generated for the referred client. The specifics are:
  - a. The referring party is entitled to half of the billing charges generated and collected for the two billing periods.

Other than the above referral system, LitKor makes no payments to any person or organization for client referrals nor does LitKor receive any economic benefit to itself for providing advice or advisory services to clients.

## **15 Custody**

LitKor does not have custody of client accounts. Client accounts are strictly in control of clients. If a client chooses to pay LitKor's fees directly from their account, LitKor does quarterly withdrawal directly from the client's account for the amount of the fee.

## **16 Investment Discretion**

LitKor does have investment discretion for your accounts. When the account is opened you will sign a power of attorney providing LitKor with discretionary trading authority over the account.

## **17 Voting Client Securities**

The client is responsible for proxy voting for shares that they hold in their accounts.

## **18 Financial Information**

No disclosure of financial information (a balance sheet) is required because LitKor does not have custody of client funds and does not require prepayment of potential fees. LitKor nor L.A. Little has been the subject of bankruptcy petition at any time during the past 10 years.

## **19 Requirements for State-Registered Agents**

### **A. Principal Executive Officers**

L.A. Little is the President and CEO of LitKor His education is an AAS in Computer Science, a double major BS in Philosophy and Computer Information Systems, a MS in Telecommunications. Mr. Little was previously engaged in software development and Quality Insurance for 25 years and has actively engaged in trading systems since the late 1980's. The following is an outline of his employment history for the past five years. His sole focus is devoted to writing and trading at this time.

*Author – [RealMoney.com & TheStreet.com](#) (Nov 2009 – Present)*

Contract writer for these financial news sites. Author of two books on trading with a third under contract with John Wiley & Sons.

*Performance Test Engineer – Comcast (July 2006 – Feb 2010)*

Contract engineering position (direct corp-to-corp position between Insight Global and LitKor). Mr. Little works on a fee basis as needed and mutually agreeable directly in a consulting capacity for Comcast Cable.

*Functional Test Engineer – GHX (March 2006 – July 2006)*

Contract engineering position (direct corp-to-corp position between ProtoTest and LitKor) working directly for Global Healthcare System (GHX).

*Contract Performance Testing – Corporate Express (Dec 2005 – Feb 2006)*

Contract engineering position (direct corp-to-corp position between ProtoTest and LitKor) working directly for Corporate Express.

*Contract Project Management - LitKor Consulting (Dec 2003 – Present)*

Contract software development between LitKor and Attorney Title Guarantee Fund developing a custom interface for existing applications.

*Contract Senior QA Manager/Engineer --Aztek Engineering (June 2003 – Nov 2003)*

Contract software development between LitKor and Aztek engineering for performance and functional testing of embedded applications.

*Quality Assurance Manger – Voyant Technologies (September 2001-May 2003)*

*Employed as a software quality assurance manager by Voyant Technologies.*

## **B. Business outside Investment Advice**

Historically, LitKor was engaged in software development and quality assurance contracts. Work continues in these areas with LitKor providing software and quality assurance services although Mr. Little is no longer involved in these activities.

## **C. Fee Structure Incentives**

LitKor's fees, as discussed elsewhere, are based on a percentage basis of the gains attained. It is possible that LitKor could recommend to the client that they engage in more risky trading practices as a result. Although we pride ourselves on a very low-risk approach to trading with risk management a prominent goal, it is necessary that we point out this incentive based risk.

#### **D. Legal History of Advisory Firm and Principals**

LitKor nor its principals have ever been involved in lawsuits nor found liable for any damages in an arbitration or civil proceeding of or relating to

- An investment or an investment-related business or activity
- Fraud, false statement(s), or omissions
- Theft, embezzlement, or other wrongful taking of property
- Bribery, forgery, counterfeiting, or extortion
- Dishonest, unfair, or unethical practices

## Appendix A – Advisory Contract for Qualified Investors

LitKor Consultants Incorporated, hereafter referred to as LitKor enters into a binding contract with \_\_\_\_\_, hereafter referred to as Client, for the mutual benefit of both parties. Client wish LitKor to manage a ( )Margin, and/or ( )Non-Margin account on their behalf.

LitKor agrees to manage Client account (buy and sell securities) for a fee. The fee shall be billed on a quarterly basis in arrears at the rate of 15% of any realized profits generated for the prior quarter. Profits are calculated as end of quarter realized gains/losses – beginning of quarter realized gains/losses as taken from the account statements generated by Interactive Brokers (IB) for the account titled below. If no realized profits are generated, no charges occur. If losses are incurred, then those losses are carried forward indefinitely for the determination of any future charges.

LitKor shall not be held liable for any losses that may occur in said account although it is clearly in the interest of LitKor to generate profits. Payment for services rendered is due 15 days from the billing date. Payments still due after 15 days may result in LitKor discontinuing the management of the account and potentially seeking legal action for collection of fees.

Client agrees to work with LitKor in the establishment of the account and subsequent funding of the account. Client agrees to deposit a minimum of \_\_\_\_\_ when opening the account and to not withdraw any of the initial startup principal for the duration of this contract unless preceded by written 5 day notification to LitKor.

Client further agrees to grant LitKor power of attorney to manage Clients account on their behalf by signing the necessary papers with Interactive Brokers when opening the account. Note that client shall have full access to account banking/funding and statements but is strongly discouraged from accessing Interactive Brokers trading capabilities while this contract is in force. LitKor reserves the right to discontinue management of funds if the client engages in trading of the Clients account.

LitKor has advised Client that this service is offered on an *at will* basis and shall provide 5 days written notice if it determines that it no longer desires to manage the account. All initial capital and profits generated while the account was managed is the property of Client. LitKor and/or Client shall, upon termination of this agreement, inform Interactive Brokers that LitKor shall no longer manage the account and the attorneys power to trade the account shall be withdrawn.

LitKor has presented Client with the brochure and reiterates that past returns are no guarantee of future results and that monetary risk is present in having LitKor manage Clients account.

By signing this agreement, client confirms that they are a Qualified Investor possessing either a net worth of \$1.5 Million or intend to invest \$750K for management with LitKor.

ACCOUNT TYPE: \_\_\_\_\_

CLIENT SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

CLIENT SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

LITKOR REP SIGNATURE \_\_\_\_\_

DATE: \_\_\_\_\_