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## **Part 2A of Form ADV: Firm Brochure**

### **Cover Page**

March 23, 2017

This brochure provides information about the qualifications and business practices of MDC Financial Research, LLC (“MDC”). If you have any questions about the contents of this brochure, please contact us at (510) 894-4476 and/or [Info@MDCFinancial.com](mailto:Info@MDCFinancial.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 MDC Financial Research, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

MDC Financial Research, LLC is a Registered Investment Advisor, however, being registered does not imply a certain level of skill or training.

## **Material Changes**

A financial industry affiliation with “THE \$ COACH, LLC” is now disclosed on Page 8.

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## Advisory Business

MDC Financial Research, LLC (“MDC”) is an Investment Advisor registered in the states of California and New York. MDC was founded by Michael D. Cohen, MDC’s sole principal owner, on December 10, 2008, and it commenced operations on February 5, 2009.

MDC typically offers one advisory service called the “Event-Driven Legal<sup>SM</sup>” investment-research service; however, MDC may provide “Special Research Projects” to individual clients that are additional to this service, and MDC may create additional investment-research products and/or services in the future.

MDC’s “Event-Driven Legal<sup>SM</sup>” investment-research service specializes in providing research on significant legal disputes of public companies to provide both long-term and short-term investment ideas primarily for institutional investors. The selection of these companies and/or legal situations is at the discretion of MDC.

MDC’s “Event-Driven Legal<sup>SM</sup>” service advises on Equity Securities, including: exchange-listed securities, securities traded over-the-counter, and foreign issuers. It may also advise on option contracts derived from equity securities as well as convertible bonds. MDC’s “Event-Driven Legal<sup>SM</sup>” service typically does not include the securities of companies that have less than a \$100 Million USD market capitalization.

MDC communicates research results to clients in: (i) the body of emails, (ii) written reports in the form of PDF files attached to E-mails, and/or (iii) oral communications via telephone or in person.

The amount, frequency, and form of communications to clients remain flexible based on the judgment and ability of MDC. Communications typically include receiving E-mail or phone updates on breaking legal news. Additionally, MDC may occasionally publish: (i) MDC Action Notes, (ii) MDC Coverage Reports, (iii) The MDC List of Significant Legal Disputes, and/or (iv) other publicly-distributed research products created by MDC.

MDC’s research can provide opinions as to the desirability and timing of buying, selling, or holding specific securities.

Every client of MDC typically receives the same research; except for (i) oral communications via telephone or in person (ii) responses to individual questions or expressed interests communicated by clients and (iii) any research projects that are entered into with individual clients that go beyond the scope of our subscription research service. MDC’s advisory services are also sometimes tailored to meet the individual needs of clients by providing customized recommendations or support based on each individual client’s goals, risk tolerance levels, strategies, holdings, capabilities, and/or other factors.

MDC does not maintain custody or discretion over client assets or accounts.

MDC’s services only provide information to facilitate investment decisions. We are not attorneys, and we do not practice law or provide legal advice.

MDC publicly releases some of its research to the institutional-investor community in an effort to make the market aware of our services.

## **Fees & Compensation**

MDC Financial Research, LLC (“MDC”) typically charges a prepaid and fixed-rate subscription fee each quarter (three-month period) for its advisory services. Upon receipt of a quarterly billing invoice from MDC, clients may compensate MDC through either (i) direct payment or (ii) payment from “soft-dollar” brokerage accounts.

Fee Schedule:

- Subscription fees for MDC’s “Event-Driven Legal<sup>SM</sup>” investment-research service are typically paid in advance at a rate of \$5,000 per quarter for clients with greater than \$10 million in total assets under management or \$2,500 per quarter for clients with less than \$10 million in total assets under management. Subscription fees may be negotiable and can be higher or lower than typical fees depending on the service needs of individual clients.
- Special Research Projects may be provided for a negotiated fixed fee agreed upon in advance or compensated based upon the client’s discretion following project completion.

MDC asks for prepayment one quarter (three-month period) in advance for its subscription research service(s). Research subscription agreements are 'at will' and can be cancelled by written notification to MDC at any time. Upon notification of cancellation, any unearned fees will be promptly refunded. Refunds are on a pro-rated basis. (For example, if a refund request is received half way through the prepayment period, then half the prepaid subscription fees will be refunded). For the purpose of calculating refunds, a quarter will be considered as 90 calendar-days.

MDC’s clients are not required to pay any other fees to MDC in connection with our service(s); however, MDC’s clients acknowledge that the fees charged for MDC’s service(s) do not include any applicable sales taxes and/or use taxes in any applicable jurisdiction(s) outside MDC’s home jurisdiction of the State of California, and that Clients in other States and/or jurisdiction(s) agree to be solely responsible for the payment of such taxes if applicable.

Clients that act upon MDC’s research by purchasing or selling securities (and/or derivatives) also should expect to pay fees to a broker-dealer; you can see Page 9 to read about our brokerage practices.

MDC and its Supervised Persons do not currently accept compensation for the purchase or sale of securities and/or other investment products.

Please note that lower fees for comparable services may be available from other sources.

## **Performance Based Fees and Side-By-Side Management**

MDC and/or its supervised persons do not accept performance-based fees and/or participate in Side-By-Side Management.

## **Types of Clients**

MDC Financial Research, LLC (“MDC”) generally provides its services to institutional investors; such as hedge funds, investment advisors, proprietary traders, other pooled investment vehicles, and corporations or business entities other than those listed above.

MDC may also provide its services to companies that are the subject of MDC’s research. These companies do not exert control or discretion over the specific advice, recommendations, opinions, or views contained in MDC’s research. MDC does not receive an economic benefit (cash, commissions, equipment, etc.) from these companies in connection with giving specific advice to MDC’s other clients, but MDC may be compensated for distributing its research to these companies.

MDC may also provide its services to individual investors who have experience from the institutional-investment industry and/or individual investors that in our judgment demonstrate institutional-level sophistication.

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

MDC’s methods of analysis primarily include fundamental and quantitative analysis. The main sources of information MDC uses include:

- Inspections of corporate activities;
- annual reports, prospectuses, and filings with the Securities and Exchange Commission;
- company press releases;
- physical attendance in U.S. Courts;
- the U.S. Courts’ Public Access to Court Electronic Records (PACER) service;
- the International Trade Commission’s Electronic Document Information System (EDIS);
- the USPTO’s Patent Application Information Retrieval (PAIR) service and the USPTO’s Patent Review Processing System;
- other court-related services such as court reporters, legal copy services, and other document retrieval services;
- accessing financial and legal information through the Bloomberg Professional Service; and
- accessing miscellaneous information from a variety of Internet web sites.

In general, MDC’s customers determine their own investment strategies to implement MDC’s investment advice. However, MDC sometimes discusses the following investment strategies with its clients:

- Long-term purchases (securities held at least a year);
- short-term purchases (securities sold within a year);
- trading (securities sold within 30 days);
- short sales;

- option writing, including covered options, uncovered options or spreading strategies; or
- option purchases, and various other options strategies.

MDC's research and advice do not protect clients from a risk of loss, and clients should expect to bear this risk. Securities of companies involved in significant legal disputes can experience sudden and unexpected price swings, and hence tend to be extremely risky. Securities of information technology, emerging energy, biotechnology, and pharmaceutical companies can also be extremely risky even without the overlay of a complex legal situation. Accordingly, the price or value of common shares and/or financial instruments that MDC provides research on may rise or fall with extreme volatility. Furthermore, past performance is not a guarantee of future performance.

## **Education Standards**

MDC Financial Research, LLC ("MDC") requires all persons associated with it that determine or give investment advice to clients to meet minimum education requirements. MDC also promotes continual education of its employees with its culture of learning, by providing flexibility in work schedules, and by providing access to educational materials.

The minimum education requirements for a supervised person that determines or gives investment advice, acting as an "Analyst" are:

- Both a four-year university degree and at least a two-year graduate degree (such as a Masters of Business Administration degree); or
- A four-year university degree with a minimum of a 3.5 Cumulative GPA, or a minimum of a 3.5 GPA in the last two years of full-time college coursework (averaging over 12 units per semester), coupled with intentions of continued education.

The minimum education requirement for a supervised person that determines or gives investment advice, acting as a "Solicitor" is:

- A four-year university degree.

All Investment Advisor Representatives of MDC will also meet the examination or experience requirements of the State(s) in which they provide investment advisory services.

## **Disciplinary Information**

MDC Financial Research, LLC ("MDC"), its management, its sole principal owner, and/or its supervised persons have never been involved in a legal or disciplinary event that is material to clients.

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

Except as described herein, MDC Financial Research, LLC (“MDC”) does not participate in any other financial industry business activities and does not have any financial industry affiliations that would likely be material to clients; however, MDC does retain "THE \$ COACH, LLC" (another State Registered Investment Advisor) as a business consultant to assist us with accounting, bookkeeping, and miscellaneous compliance duties.

### **Code of Ethics:**

#### **Participation or Interest in Client Transactions and Personal Trading**

MDC Financial Research, LLC (“MDC”) has adopted a Code of Ethics that establishes policies to help protect clients’ interests and to address potential conflicts of interest that may arise between MDC (or a related person) and its clients (or the investing public). The Code of Ethics generally prohibits fraudulent or manipulative practices in connection with its investment recommendations, and it establishes policies with respect to securities transactions of MDC and its representatives. In general, MDC’s supervised persons may invest at their discretion in the securities of (or option contracts derived upon) companies that MDC recommends to clients or to the public in research reports or other forms of communication; however, any such transactions must comply with its Code of Ethics. This Code prohibits MDC’s supervised persons from buying or selling securities of (or option contracts derived upon) companies that are the subject of any MDC Coverage Report, MDC Action Note, or any other publicly distributed research (but not E-mail or oral communications) within a period of 20 days prior and 5 days subsequent to the subject reports initial distribution. This Code also requires the advisor and its representatives to disclose security positions of interest to any client upon request. It also requires written disclosure of positions held in companies that are the subject of any MDC Coverage Report or MDC Action Note (but not E-mail or oral communications). MDC Financial Research, LLC will provide a full copy of its Code of Ethics to any client or prospective client upon request.

MDC Financial Research, LLC discloses to all of its clients any identified material conflicts of interest relating to MDC, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

The following are two identified potential conflicts of interest that could arise:

- MDC’s “Event-Driven Legal<sup>SM</sup>” investment-research service typically does not include companies that have less than a \$100 Million USD market capitalization. MDC adopted this policy, because MDC wants its research distribution emails to be relevant to its entire client base. MDC’s supervised persons could become aware of and invest in legal-event opportunities regarding companies with market capitalizations of less than \$100 Million USD. This policy creates a potential conflict of interest, because such companies could eventually become included in the “Event-Driven Legal<sup>SM</sup>” service after reaching a \$100 Million USD market capitalization. To



remedy this potential conflict of interest, MDC will always be responsive to clients when asked for a list of companies that MDC is aware of that: (i) Are below a market capitalization of \$100 Million USD, and (ii) have what we believe to be at least one significant legal situation. MDC may also provide information about such companies in response to expressed individual client interest.

- MDC may provide its services to companies that are the subject of MDC's research. This policy creates a potential conflict of interest, because a Supervised Person of MDC could theoretically allow this relationship to affect MDC's research. To remedy this potential conflict of interest, MDC has created a new section of its Code of Ethics called "Integrity of Research." This section requires that Supervised Persons of MDC strive to create only unbiased and objective research. MDC does not allow these companies to exert control or discretion over the specific advice, recommendations, opinions, or views contained in MDC's research. MDC does not receive an economic benefit (cash, commissions, equipment, etc.) from these companies in connection with giving specific advice to its other clients, but MDC may be compensated for distributing its research to these companies. If MDC is compensated by a company that is the subject of its research, then this relationship will be clearly disclosed in all research on that company.

The general forms of disclosures regarding material conflicts of interest are contained in this Brochure (Form ADV Part II) and/or Research Subscription Agreements executed with individual clients. More specific (or changing) potential conflicts of interest (such as share ownership of Investment Advisor Representatives) will be disclosed to clients in a "Disclosure" section contained in relevant written communications (such as research reports). Please read these disclosures carefully.

## **Brokerage Practices**

MDC Financial Research, LLC ("MDC") may suggest brokers to clients or prospective clients. These clients or prospective clients should be aware that they are under no obligation to use any brokers suggested by MDC or its representatives. Any suggestions would likely be based on a personal relationship or as a means of allowing MDC to be paid by clients (or prospective clients) that prefer to compensate through trading commissions as opposed to direct payment for a subscription research service.

If the basis for suggesting a broker is as a means of payment to MDC, then clients (or prospective clients) may expect to pay commissions higher than those obtainable from other brokers in return for the ability to obtain services supplied by MDC. The factors used in determining such suggested brokers would be the broker's ability to remit "soft dollar" payments to MDC or to possibly enter into another sort of commission-sharing arrangement. While MDC will try to only suggest brokers that charge commissions that it believes are in line with the market rates charged for comparable services, all brokerage accounts will only be between the client (or prospective client) and the suggested brokerage firm itself. Accordingly, all clients (or prospective clients) should carefully review commission rates being charged by suggested brokers. It remains the client's (or prospective client's) sole responsibility to determine the reasonableness of any brokerage agreements that they agree to undertake.

## **Review of Accounts**

MDC does not maintain custody of, and/or have discretion over, client assets, and thus MDC does not review client accounts.

## **Client Referrals and Other Compensation**

MDC and/or its supervised persons do not receive an economic benefit (cash, commissions, equipment, etc.) from a non-client in connection with giving advice to clients. MDC currently does not directly or indirectly compensate any person for referrals.

## **Custody**

MDC does not maintain custody of client assets.

## **Investment Discretion**

MDC Financial Research, LLC (“MDC”) does not accept discretionary authority to manage assets on behalf of clients.

## **Voting Client Securities**

MDC does not accept authority to vote client securities; however, clients may contact MDC with questions about voting by speaking with MDC’s Analyst(s) to receive their opinions.

## **Financial Information**

MDC does not require or solicit the prepayment of subscription fees six-months or more in advance, so MDC is not required to include an audited balance sheet in this Brochure (Form ADV Part II).

MDC does not have any financial conditions that are likely to impair its ability to meet contractual commitments to its clients.

MDC has never been the subject of a bankruptcy petition.

## Requirements for State-Registered Advisors

MDC's sole principal executive officer is Michael David Cohen.

- Education Background:
  - BA in Economics (Cum Laude) from California State University, Northridge.
  - MBA with concentration in Finance from California State University, Northridge.
  - Mr. Cohen has earned the Certified Management Accountant (CMA) and Certified Financial Manager (CFM) professional designations awarded by the Institute of Management Accountants (IMA).
  
- Business Background:
  - 12/2008 to Present -- CEO & Director of Research at MDC Financial Research, LLC.
  - 06/2002 to 11/2008 -- Director of Research at Pacific American Securities, LLC.
  - 10/1999 to 07/2002 -- Co-Fund Manager of the Alpha Analytics Digital Future Fund at Alpha Analytics Investment Group, LLC.
  - Mr. Cohen served on the Board of Directors and the Executive Committee of the Institute of Management Accountants (IMA) from July 2003 through June 2005.

MDC is only actively engaged in the business activities that are described herein. MDC and/or its management do not currently have any relationships or arrangements with any issuer of securities that are not described herein; however, MDC's supervised persons (including management persons) do frequently speak with issuers of securities in order to obtain publicly available information that is relevant to MDC's research.

As previously described on Page 6 under "Types of Clients" and in the bullet point on the top of Page 9, MDC may also provide its services to companies that are the subject of MDC's research. These companies are frequently issuers of securities.

MDC and its Supervised Persons do not accept performance-based fees as compensation for MDC's advisory services.

MDC Financial Research, LLC ("MDC"), its management, and/or its sole principal owner have never been found liable in an arbitration claim, self-regulatory proceeding, and/or an administrative proceeding involving any of the following:

- 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; or
- dishonest, unfair, or unethical practices.



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## **Part 2B of Form ADV: Brochure Supplement**

### **Cover Page**

March 23, 2017

This brochure supplement provides information about Michael David Cohen that supplements the MDC Financial Research, LLC brochure. You should have received a copy of that brochure. Please contact Michael David Cohen at (510) 894-4476 if you did not receive MDC Financial Research, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Michael David Cohen is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Educational and Business Background**

### Education Background:

- BA in Economics (Cum Laude) from California State University, Northridge.
- MBA with concentration in Finance from California State University, Northridge.
- Mr. Cohen has earned the Certified Management Accountant (CMA) and Certified Financial Manager (CFM) professional designations awarded by the Institute of Management Accountants (IMA). Information about these professional designations can be found on the IMA's website at [www.IMAnet.org](http://www.IMAnet.org).

### Business Background:

- 12/2008 to Present -- CEO & Director of Research at MDC Financial Research, LLC.
- 06/2002 to 11/2008 -- Director of Research at Pacific American Securities, LLC.
- 10/1999 to 07/2002 -- Co-Fund Manager of the Alpha Analytics Digital Future Fund at Alpha Analytics Investment Group, LLC.
- Mr. Cohen served on the Board of Directors and the Executive Committee of the Institute of Management Accountants (IMA) from July 2003 through June 2005.

### Age:

- Michael David Cohen was born in January of 1965.

## **Disciplinary Information**

Michael David Cohen has never been involved in a legal or disciplinary event that is material to clients of MDC Financial Research, LLC.

## **Other Business Activities**

Michael David Cohen is currently:

- Not engaged in any other investment-related business or occupation; and
- Not engaged in any other business or occupation that (1) provides a substantial source of his income, or (2) involves a substantial amount of his time other than personal investment transactions and acting as a Trustee of family Trusts that are conducted pursuant to MDC's Code of Ethics.

## **Additional Compensation**

Michael David Cohen does not receive an economic benefit from non-clients for providing advisory services. All of Michael David Cohen's compensation for providing advisory services comes directly from MDC Financial Research, LLC.

## **Supervision**

Michael David Cohen is currently the Chief Compliance Officer (CCO) of MDC Financial Research, LLC ("MDC"); however, Justin Wilcox has been granted limited-authority to oversee Michael David Cohen's activities. Justin Wilcox is a Research Analyst at MDC Financial Research, LLC. Justin Wilcox can be reached at (415) 515-9063.

Justin Wilcox oversees Michael David Cohen by reviewing the majority of Michael's work that is sent to clients. Additionally, Michael David Cohen's personal trading activities are reviewed by Justin to ensure compliance with MDC's Code of Ethics and Policies & Procedures.

## **Requirements for State-Registered Advisors**

Michael David Cohen has never been found liable in an arbitration claim, self-regulatory proceeding, and/or an administrative proceeding involving any of the following:

- 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; or
- dishonest, unfair, or unethical practices.

Michael David Cohen has never been the subject of a bankruptcy petition.



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## **Part 2B of Form ADV: Brochure Supplement**

### **Cover Page**

March 23, 2017

This brochure supplement provides information about Justin Wilcox that supplements the MDC Financial Research, LLC brochure. You should have received a copy of that brochure. Please contact Michael Cohen at (510) 894-4476 if you did not receive MDC Financial Research, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Justin Wilcox is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Educational and Business Background**

### Educational Background:

- BS in Business Administration from Sacramento State University, Sacramento.

### Business Background:

- 08/2014 to Present – Research Associate at MDC Financial Research, LLC.
- 01/2013 to 07/2014 – Student Assistant at California State Teachers Retirement System.
- 06/2013 to 12/2013 – Student Assistant at California State Department of Finance.
- 07/2011 to 08/2013 – Maintenance Technician at Woodside Homeowners Association.
- 04/2011 to 07/2011 – Customer Service Representative at Sky High Sports.
- 08/2008 to 08/2010 – Assistant Unit Director at Boy's and Girl's Club of America.
- 06/2007 to 11/2007 – Customer Service Representative at Subway Sandwiches.

### Age:

- Justin Wilcox was born in July of 1990.

## **Disciplinary Information**

Justin Wilcox has never been involved in a legal or disciplinary event that is material to clients of MDC Financial Research, LLC.

## **Other Business Activities**

Justin Wilcox is currently:

- Not engaged in any other investment-related business or occupation; and
- Not engaged in any other business or occupation that (1) provides a substantial source of his income, or (2) involves a substantial amount of his time other than personal investment transactions that are conducted pursuant to MDC's Code of Ethics and occasional work as a photographer.



## **Additional Compensation**

Justin Wilcox does not receive an economic benefit from non-clients for providing advisory services. All of Justin Wilcox's compensation for providing advisory services comes directly from MDC Financial Research, LLC.

## **Supervision**

Justin Wilcox is directly supervised by Michael David Cohen who is the Chief Compliance Officer (CCO) of MDC Financial Research, LLC. Michael D. Cohen can be reached at (510) 894-4476.

Michael D. Cohen supervises Justin Wilcox by reviewing the majority of his work before or after it is sent to clients. Additionally, Justin Wilcox trading activities are reviewed to ensure compliance with MDC's Code of Ethics and Policies & Procedures.

## **Requirements for State-Registered Advisors**

Justin Wilcox has never been found liable in an arbitration claim, self-regulatory proceeding, and/or an administrative proceeding involving any of the following:

- 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; or
- dishonest, unfair, or unethical practices.

Justin Wilcox has never been the subject of a bankruptcy petition.