

# Solicitor Agreement

This Solicitor Agreement (“Agreement”) is made as of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_, (the “Solicitor”), and Coastal Investment Advisors, Inc., a New Jersey corporation (“Advisor”).

WHEREAS Solicitor is interested in referring prospective investment advisory clients (“prospects”) to Advisor; and

WHEREAS, this Agreement sets forth the terms and conditions under which Solicitor shall refer prospects to Advisor.

NOW THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, the parties agree as follows:

## 1. Referral of Client

Solicitor will use its best efforts to refer prospective investment advisory clients to Advisor that it believes are appropriate for Advisor’s services, consistent with any fiduciary or other obligations Solicitor may owe to those prospects. Solicitor also will assist Advisor in establishing relationships with prospects referred to Advisor. Solicitor does not have the authority to accept a client on behalf of Advisor, and Advisor does not have the responsibility to accept a prospective client referred by Solicitor. Advisor may direct Solicitor to make client referrals directly to an investment advisory representative of Advisor.

## 2. Compensation

If a prospect Solicitor refers to Advisor becomes and advisory client of Advisor, Advisor will pay a referral fee to Solicitor equal to a percentage of the investment advisory fees it receives from the prospect as determined by *Schedule A*. Advisor will pay referral fees within 30 days of the receipt of investment advisory fees from the prospect. In all instances, Advisor will pay referral fees only to Solicitor and will not direct referral fees to Solicitor’s employees or agents.

As used in this Agreement, a “prospect Solicitor refers to Advisor” means a prospect that Solicitor first identified and contacted for Advisor and that has signed and dated an Acknowledgement of Receipt, a copy of which Solicitor delivered to Advisor pursuant of Paragraph 5 below. Solicitor is responsible for paying its own travel and entertainment expenses incurred in soliciting prospects during the life of this Agreement. Notwithstanding any provision of this Agreement to the contrary, Advisor will not be obligated to pay Solicitor any referral fee if, the payment would violate any law, rule or regulation to which Advisor is subject.

## 3. Solicitor Responsibilities

Solicitor shall be solely responsible for assuring that it, its employees, agents and representatives have obtained and, at all times during which this Agreement is in effect, maintain

any registrations, licenses and qualifications under federal, state or any jurisdiction's laws and regulations as are necessary for it to act under this Agreement. Solicitor agrees that it and its employees, agents, and representatives will perform the services under this Agreement in accordance with this Agreement, Advisor's instructions, Advisor's instructions concerning the Investment Advisors Act of 1940, as amended (the "Act"), and Securities and Exchange Commission ("SEC") rules and regulations thereunder, and applicable federal, state or local law, including state law regarding the registration of solicitors as investment advisory representatives, and solicitor will supervise such employees, agents and representatives.

#### 4. Parties Not Partners

Solicitor will not be an employee, agent or officer of Advisor, nor does this Agreement constitute a partnership, joint venture, or agency between the parties. Solicitor hereby acknowledges that it is an independent contractor, that its business is its own and entirely separate from that of Advisor, and that it will not deal with, hold itself out as, or represent itself to the public in contravention of thereof.

Solicitor shall not render any investment advice or investment management services which would cause anyone to believe that Solicitor is rendering or will render investment management advice or services on behalf of Advisor. Solicitor is not authorized to act on behalf of or bind Advisor except as provided for and authorized in this Agreement. Solicitor is not authorized to enter into any agreement or undertaking on behalf of Advisor. Solicitor shall be solely responsible for any and all of its actions and omissions in connection with its solicitations made hereunder. No agreement will become effective until Advisor accepts it at its offices in Wilmington, Delaware.

#### 5. Disclosures and Acknowledgements

(A) At the time Solicitor recommends that prospects entertain proposals for Advisor's investment advisory services, Solicitor will provide to each prospect who agrees to entertain a proposal for Advisor's services: (a) Part 2A of Advisor's Form ADV, copies of which Advisor will provide to Solicitor; (b) Part 2B Supplement related to the Investment Advisor Representative to whom you are making the referral; and (c) Solicitor's Disclosure Statement, required by Rule 206(4)-3 under the Act, a specimen copy of which is attached as *Exhibit A*. Solicitor also will obtain from each prospect at the same time, and promptly forward to Advisor, a client signed and dated Disclosure Statement, which contains an acknowledgment of receipt of the documents referred to above. Solicitor shall promptly deliver to Advisor copies of all such signed Disclosure Statements obtained from prospective clients.

(B) Solicitor will not make any representations regarding Advisor or its investment advisory services that are false or misleading or in any way inconsistent with the written materials Advisor provides, including Advisor's Form ADV, Part 2, nor will Solicitor deliver to prospects any written materials concerning Advisor that Advisor has not specifically approved in advance in writing.

## 6. Advisor Representation and Warranties

Advisor represents and warrants that it is registered, and agrees to maintain its registration, as an investment adviser with the SEC.

## 7. Solicitor Representation and Warranties

Solicitor hereby makes the following representations, warranties and covenants:

- (A) Solicitor agrees not to communicate, directly or indirectly, on behalf of Advisor with (i) any state or political subdivision thereof; (ii) any agency or instrumentality of any state or political subdivision thereof; (iii) any municipal corporate instrumentality of one or more states; or (iv) any representative, office holder, candidate, successful candidate, employee, or agent of any of the foregoing.
- (B) (i) For any prospect that is a Retirement Plan (as defined below), neither Solicitor nor any of the officers, directors, employees, affiliates or agents of Solicitor is a fiduciary, party-in-interest, trustee or administrator of the prospect or an employer of any employee covered by that Retirement Plan. For purposes of this Agreement, “Retirement Plan” means any pension plan (including a 401(k) plan) or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974 (“ERISA”), an account for a tax-qualified retirement plan (including a Keogh plan) under Section 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and not covered by ERISA, or an individual retirement account under Section 408 of the Code.
- (ii) For any prospect that is a private foundation as that term is defined in the Code, Solicitor is not affiliated with and has no relation of any manner with the private foundation so as to make the client referral a prohibited transaction under the Code.
- (C) Neither Solicitor, nor any of its officers, directors, employees, affiliates or agents is a person who is or has been (a) subject to an SEC order issued under Section 203(f) of the Act; (b) convicted within the previous ten years of any felony or misdemeanor involving conduct described in Sections 203(e)(2)(A)-(D) of the Act; (c) found by the SEC to have engaged, or been convicted of engaging, in any of the conduct specified in paragraphs (1), (4) or (5) of Section 203(e) of the Act; or (d) subject to an order, judgment or decree described in Section 203(e)(3) of the Act (individually or collectively a “Statutory Disqualification”). Solicitor will promptly notify Advisor in writing if Solicitor or any of its officers, directors, employees, affiliates or agents becomes subject to a Statutory Disqualification and Solicitor will promptly refund to Advisor any referral fees Advisor previously paid after Solicitor or any of its officers, directors, employees, affiliates or agents becomes subject to a Statutory Disqualification.

(D) Solicitor’s performance of its duties and receipt of compensation under this agreement will not violate any law or rule of the SEC, the Financial Industry Regulatory Authority (“FINRA”), or any self-regulatory organization to which Solicitor is subject, or any other applicable law, rule or regulation, and that Solicitor is has all necessary licenses and qualifications in order to receive such compensation.

8. Termination

This Agreement will continue in effect until terminated as described below. Advisor or Solicitor may terminate this Agreement on 30 days’ written notice to the other. Advisor or Solicitor may terminate this Agreement immediately on written notice to the other if Advisor or Solicitor is in breach of any representation, warranty, or covenant in this Agreement. This Agreement will terminate automatically if any of Solicitor’s representations or warranties in Paragraph 7, or Advisor’s representations or warranties in Paragraph 6, cease to be true and correct in all respects. Termination of this Agreement will not affect Solicitor’s obligation to refund referral fees under Paragraph 7(C) above. Termination of this Agreement will not affect Advisor’s obligation to pay referral fees to Solicitor with respect to any current Advisor client that is a client Solicitor referred, unless paying such a fee would violate any law or regulation to which Advisor is subject, including but not limited to Rule 206(4)-3 under the Act.

9. Notices

All notices required to be delivered under this Agreement will be delivered in person or by U.S. mail, overnight courier, telecopier (with a hard coy in the U.S. mail), in each case prepaid and addressed as follows (or to another address as the parties may specify to one another in writing)

If to Advisor:

Coastal Investment Advisors, Inc.  
1201 North Orange St.  
Suite 729  
Wilmington, DE 19801

If to Solicitor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. Indemnification

(A) Solicitor will indemnify adviser and its managers, officers, employees, affiliates and agents and hold them harmless against any loss, liability or expense any of them incur arising out of or in connection with any breach by Solicitor of this Agreement or any act, omission or violation of law by Solicitor or its officers, directors employees, affiliates or agents, as well as the costs and expenses of investigating and defending against any claim, suit, action or proceeding in which the loss, liability or expense is asserted against Advisor or its managers, officers, employees, affiliates and agents.

(B) Advisor will indemnify Solicitor and hold it harmless against any loss, liability or expense it incurs arising out of or in connection with any breach by adviser of this agreement or any act, omission or violation of law by Advisor or any of its managers, officers, employees, affiliates or agents, as well as the costs and expenses of investigating and defending against any claim, suit, action or proceeding in which the loss, liability or expense is asserted against Solicitor as a solicitor for Advisor.

#### 11. Amendment and Assignment

This Agreement may only be amended by a writing signed by both parties. There will be no assignment (as defined in the Act) of this Agreement without the consent of the other party. Any purported assignment violating this provision will be void. Solicitor may not delegate its duties under this Agreement without the prior written consent of Advisor.

#### 12. Miscellaneous

This Agreement is made and will be governed under the laws of Delaware. If any provision of this agreement is or becomes inconsistent with any present or future law, rule or regulation of any governmental or regulatory body having jurisdiction over the subject matter of this Agreement or is otherwise held invalid or unenforceable, such provision will be deemed rescinded or modified in accordance with any such law, rule or regulation or will be ineffective to the extent of such invalidity or unenforceability. In all other respects, this Agreement will continue in full force and effect. No provision of this Agreement may be waived or modified unless in writing and signed by the party against whom the waiver or modification is sought to be enforced. Either party's failure to insist on compliance with this Agreement or any continued course of conduct on its part will in no event constitute or be considered a waiver by that party of any right or privilege. This Agreement contains the entire understanding between the parties concerning the subject matter of this Agreement. The provisions of paragraphs 10, 11, 12, 13, and 14 hereunder will survive the termination of this Agreement. This Agreement may be signed in one or more counterparts, all of which will be considered one and the same agreement, and will become effective when each party has signed one or more counterparts and delivered them to the other party. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

#### 13. Confidentiality

(A) Solicitor acknowledges that Advisor has a responsibility to its clients to keep information about its clients and their accounts ("Client Information") confidential. Solicitor agrees not to disclose or use Client Information other than to carry out the purposes for which Advisor disclosed such Client Information to it. Solicitor shall not disclose any Client Information other than on a "need to know" basis and then only to: (a) affiliates of Advisor, (b) its employees or officers; (c) independent contractors, agents and consultants designated by Advisor; or (d) pursuant to the exceptions set forth in 15 USC 6802(e) and accompanying regulations of Solicitor's primary federal regulator which disclosures are made in the ordinary course of business.

(B) Solicitor represents that it has disclosed to each prospect that is its “consumer” or “customer” that it intends to share nonpublic financial information about the prospect with third parties; Solicitor has provided each such prospect with the opportunity to opt out of this information-sharing; and each prospect has not opted out of this information-sharing.

14. Non-exclusivity

Solicitor acknowledges and agrees that this Agreement establishes a non-exclusive solicitation or referral arrangement between the parties and what Advisor may enter into similar referral agreements with other parties.

Please confirm your agreement with the above terms by signing and returning one copy of this Agreement.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Accepted and agreed as of the date first written above:

**Coastal Investment Advisors, Inc.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**  
**CLIENT DISCLOSURE STATEMENT**

\_\_\_\_\_ (“Solicitor”) proposes to introduce you to \_\_\_\_\_ (“Advisor”) for the purpose of your possibly becoming a client of Advisor. Advisor and Solicitor are not “affiliated,” as that term is defined in the Investment Advisors Act of 1940.

Solicitor has an arrangement with Advisor under which prospective Advisory clients are referred to Advisor in exchange for an annual fee of \_\_\_\_\_ % of revenues paid to Adviser after any manager fees have been paid, from the initial investment in your account. These referral fees are paid quarterly. The initial quarterly fee will be based on the initial amount of assets in the account.

You will not pay higher advisory fees as a result of our arrangement. However, this arrangement may affect Advisor’s willingness to negotiate below its standard investment Advisor fees and, therefore, may affect the overall fees referred clients pay. Investments held at Advisor are not deposits or obligations of, nor insured or guaranteed by, the U.S. Government, any financial institution, the Federal Deposit Insurance Corporation, or the Federal Reserve Board. Investments held at Advisor involve risk and may result in loss of principal.

Solicitor is not authorized to provide investment advice on behalf of Advisor or to act for or bind Advisor. No agreement with Adviser will become effective until Advisor accepts it at its offices in Wilmington, Delaware.

**Authorization to Release Account Information**

You authorize Advisor to provide information about any account that may be opened a Advisor to Solicitor for the sole purpose of verifying the fee paid to Solicitor. Information that may be released includes, but is not limited to, account balance, account billing rate, and account number.

**Acknowledgment of Receipt**

I acknowledge receipt of this Disclosure Statement from \_\_\_\_\_ representative describing the arrangements between \_\_\_\_\_ and Adviser, and a copy of Adviser’s Form ADV, Part 2.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
Name of Representative of \_\_\_\_\_

**SCHEDULE A**

**Schedule of Solicitor Fees**

**Adviser Accounts**

The Solicitor's fee shall be \_\_\_\_\_ % of revenues paid to Advisor after any manager fees have been deducted. The Solicitor's fee shall only be payable for so long as the Investment Advisor Representative to whom any such clients are referred is registered with Coastal Investment Advisors, Inc., and subject to any termination stated in the Solicitor Agreement. Fees derived from a percentage of Advisor revenue shall be paid quarterly to reflect fees collected during the previous quarter. The initial quarterly Solicitor's fee will be based on the initial amount of assets in the Account. In any partial quarter, fees will be prorated based upon the number of days the Account was open.

