

White Oak Systems, LLC  
PO BOX 10959  
SILVER SPRING MD 20914-0959

For more information, contact Ken Harringer, +1 240-432-4707 or email [this link](http://scr.im/wostax) (http://scr.im/wostax)

**This brochure provides information about the qualifications and business practices of White Oak Systems. If you have any questions about the contents of this brochure, please contact us by phone at +1 240-432-4707 or email [here](#). 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 White Oak Systems also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Who's Who?

When we say "we," or "our," we refer to White Oak Systems, LLC, a Maryland limited liability company. When we say "you," or "yours," we refer to the clients or prospective clients of White Oak Systems, LLC.

## **2. MATERIAL CHANGES**

3/1/2016, Rev .Q Routine annual updating of changes from Rev P 3/23/2015, made to items 4 (asset size, number of clients and accounts), 5 (hourly rate).

When we make any material change to this Brochure, we will inform you by making an updated Brochure available to you.

## **3. Table of Contents**

2. MATERIAL CHANGES.....	2
3. Table of Contents.....	2
4. Advisory Business.....	3
5. Fees and Compensation.....	3
6. Performance Based Fees And Side-By-Side Management.....	4
7. Types Of Clients.....	4
8. Methods Of Analysis, Investment Strategies And Risk Of Loss.....	5
9. Disciplinary Information.....	6
10. Other Financial Industry Activities and Affiliations.....	6
11. Code of Ethics, Participation or Interest in Client Transactions,Personal Trading.....	6
12. Brokerage Practices.....	7
13. Review of Accounts.....	7
14. Client Referrals and Other Compensation.....	7
15. Custody.....	7
16. Investment Discretion.....	7
17. Voting Client Securities.....	8
18. Financial Information.....	8
19. Requirements for State-Registered Advisers.....	8

#### **4. Advisory Business**

White Oak Systems, LLC, was created 7/11/2000 as a Maryland limited liability company. The company is a partnership for federal tax purposes. The equal-share members of the partnership are:

Kenneth J Harringer

Elizabeth A Harringer

There are no other members. White Oak Systems, LLC (“we”), own no subsidiaries, nor are we a partner in any partnerships. Mr. Harringer serves the partnership as the investment advisor representative. According to SEC definition, Mr. Harringer is a “supervised person” of the firm, and a supplementary brochure has been developed describing him. Mrs. Harringer serves the partnership as clerical support.

We offer financial planning and asset management services.

For financial planning, you come to us to answer questions you have regarding saving, strategic spending choices, mortgage comparisons, retirement and/or college savings planning, and windfall dispositions. We look at the opportunities present, and recommend strategies which may position you better economically, showing you the costs and benefits of the alternative decisions you can make. We are independent; there is nothing that we are “selling” you as we present recommendations. We receive no commissions nor are we beholden to anyone for our recommendations. We are free to select from and present the full panoply of investment choices and savings strategies in our recommendations.

For asset management services, you come to us to manage your portfolio of assets. This can include advising you on how to allocate your 401(k) investment choices at work. It can also include discretionary management of your cash (i.e. non-retirement), IRA, Roth IRA, Coverdell ESA, Trust, Estate, and custodial accounts. Here we develop investment strategies for these assets, and we buy and sell securities on your behalf.

You may impose upon us restrictions on investing in certain securities or types of securities at any time.

We tailor our advisory services to each of you, by listening to you and learning your particular economic situation and tolerance for risk. From this knowledge we can recommend strategies and choose investments which support your goals and needs, tailored to your tax liability and risk tolerance.

As of 12/31/2016, we manage, on a discretionary basis, \$1.8mln in 56 accounts owned by twenty-six distinct clients. This scale allows us to keep close surveillance on each and every one of your accounts, and the investments you hold.

#### **5. Fees and Compensation**

We charge for our advisory services in two ways: an hourly rate, or a fee calculated as a percentage of assets under management. In either case, we may also bill you for our direct expenses in connection with your engagement.

Our hourly rate is used when an engagement by you may be of limited duration; examples include a one-time conversation, a one-time modeling of your retirement or college savings needs, or an analysis of a particular issue.

The hourly rate is \$239. The hourly rate is subject to change annually, typically on May 1<sup>st</sup> of each year.

Discounts may be applied to a final invoice, but none are guaranteed. Discounts may be offered to new clients, organized clients, returning clients, high-volume clients, clients with constrained ability to pay, and for other competitive purposes.

At the completion of the engagement, you are presented an invoice, which is due upon receipt. Unpaid amounts are subject to 18% APR after thirty days of invoice date.

The asset management fee is 2% annually of assets under management. This is accrued monthly, summing your account balances as of the close of business on the last calendar day of each month, and invoiced quarterly. There are no discounts offered on this fee, and the fee is non-negotiable.

Compensation is due upon your receipt of each quarterly invoice. Compensation is not solicited nor accepted in advance. You may terminate our agreement at any time for any reason effective with 30 days written notice from you.

We maintain your written authorization to deduct asset management fees from your accounts held with a qualified custodian. We do not deduct fees directly from your accounts, but rather we make a request to the custodian to deduct fees and deposit same in our account held by the custodian. Custodian's approval and subsequent action on our fee requests depend upon these custodian-developed tests:

- your account has sufficient available funds for fee requested
- your account is not "frozen" by judicial proceeding
- fee requested does not exceed 3% of your assets
- fee is apportioned to appropriate type of account; IRA-sourced fees are deducted from IRAs, fees resulting from non-retirement asset management are deducted from non-retirement accounts.

We do not control the custodian's review process. Our intent is to use the reporting safeguards with you and the custodian regarding fee disbursement consistent with "custody of client assets" as promulgated by Maryland Office of the Attorney General Securities Division.

We concurrently send (a) your account custodian a request to deduct advisory fees, and (b) you a performance summary report & an invoice itemizing fees requested from your account(s). The invoice includes the formula for determining the fee, the amount of assets considered, and the time period covered.

The custodian provides you monthly account statements detailing all disbursements including our fees.

Our hourly rate may be applicable to you even though you have entered into a discretionary management agreement. If we are asked to provide you service that is beyond the scope of our discretionary asset management offering, we will charge you the hourly rate for that particular extraordinary service. We will notify you in advance of accruing charges should this situation occur.

We may also charge you for "direct expenses" that are applicable to your project. These expenses most routinely include postage and copying. Other direct expenses are parking, travel, and any other expenses that we pay that are solely due to our execution of your financial planning or asset management project. If direct expenses will be applied to your project in excess of \$25, you will be provided an estimate of these expenses before we accrue charges in excess of \$25 to your account.

To summarize: we may charge you an hourly rate, a fee based on assets under management, and/or our direct expenses. Hourly rate and direct expense charges are billed directly to you.

You may experience other costs that are not billed by us nor payable to us, but you are paying them just the same. You may not receive any invoice for these expenses. These costs include:

- Trading fees charged by broker on purchases and sales of securities, or other transactions;
- Custodial fees or account management fees charged by the custodian;
- Mutual fund expenses, which are deducted from the performance of the fund by the fund's manager.

Please see our section 12 on our brokerage practices. You can read about the costs you will incur at the broker and custodian in their disclosure documents which we give to you when we open an account.

To understand about the expenses a mutual fund may charge shareholders, you should read their fund's prospectus, available from the fund manager.

## **6. Performance Based Fees And Side-By-Side Management**

We do not accept performance-based fees. "Side-by-side" management is not an issue.

## **7. Types Of Clients**

The types of clients we generally provide investment advice are individuals, small businesses, estates, and trusts. We do not have any requirements for opening or maintaining an account, such as a minimum account size.

## **8. Methods Of Analysis, Investment Strategies And Risk Of Loss**

Investing in securities involves risk of loss that you should be prepared to bear.

We have three basic strategies when we deliver investment advice: Asset Allocation, Security Selection using fundamental analysis, and Timing using technical analysis. We employ these strategies because we believe they will deliver for you the goal of maximizing your assets and/or income while minimizing your risk. However, there is no guarantee that these strategies will deliver their intended effect.

First, our asset allocation strategy is derived from our view of global macro-economic forecasts and your personal situation within your particular lifestage. An allocation of your assets among classes of securities and other investments, like stocks, options, bonds, mutual funds, exchange-traded funds and notes, annuities, real estate, money market funds and cash is conceived. This allocation model is developed to (1) exploit the macro-economic forecast, (2) provide you the capital preservation, income, liquidity, and/or growth you demand from your assets to meet your financial plan, and (3) mitigate your risk by establishing diversification across asset classes.

Our asset allocation strategies are drawn from accepted financial industry asset allocation models.

While asset allocation theoretically reduces your risk by placing your eggs in more than one basket, there is no guarantee that employing any certain allocation will reduce risk or achieve intended goals. An allocation is chosen based on assumptions, and those assumptions could be faulty at outset or proven wrong over the future. Spreading your investments across an allocation that is untimely for the period in which it was employed could result in greater loss, or lesser gains, than if your investments were allocated otherwise.

The next strategy is that of security selection. We identify securities for your portfolio using an approach of fundamental analysis. We have studied the fundamental principles developed by Graham and Dodd, espoused by Warren Buffet, of investing in solid companies with sterling prospects. Fundamental analysis concerns itself with a company's prospects and condition, including product, competition, barriers to entry, balance sheet strength, and cash flow growth. This fundamental analysis results in candidates for selection for your portfolio.

There are risks to fundamental analysis, in that there is no guarantee that employing it qualifies an investment that will provide you the intended benefits. Filings and statements by the company, or competitors, or information provided by others on which we rely may be falsified or incorrect, leading to erroneous conclusions on our part. Changing market forces or internal management, vendor, customer, and labor relations challenges can negatively impact results which our fundamental analysis can not predict. Our fundamental analysis normally encourages purchases of securities that are undervalued or priced below their perceived value. The risk is that the market will fail to recognize this perceived value.

Finally, we establish entry criteria for these candidate securities, using technical analysis. This determines "when" we purchase a security for your portfolio. This technique is used to determine a rational exit criteria, too. Technical analysis concerns itself with a particular security (not the company that issues it), and its' price behavior and popularity in the securities marketplace. There are theories in technical analysis that indicate when a security should be bought or sold, by evaluating "technical indicators" of the securities' price and volume history. The actual indicators that we use, and our interpretation of them, is a trade secret.

There is no guarantee that our technical analysis will provide buy and sell points that result in the intended effect. Technical indicators may suggest that a security be purchased, although that security may not appreciate in price thereafter, and it may fall. Similarly, technical indicators may suggest that a security be sold, although that security may rise in price thereafter. A risk of technical analysis is that only past performance is used to predict future performance. There is no guarantee that past performance, including previously demonstrated trends and relationships, will hold in the future.

We provide daily surveillance of all candidate securities, as well as those held in your account. For those securities held which reach our exit criteria, a sale of securities may be made. For those candidates which reach our entry criteria, a purchase may be made for your account. There is no guarantee that these purchases and sales will result in greater gains or lesser losses of your principal than would have occurred absent these transactions.

For those investments which exhibit volatility, we may place stop-loss orders to limit downside risk. There is no guarantee that these standing orders will have their intended effect.

To broaden diversification, we do not recommend any single security to the extent it represents greater than 5% of your assets, excepting stable-value money fund accounts. We limit your purchases accordingly. There is no guarantee that this limitation of concentration will result in greater returns or lesser losses than if your assets were more concentrated in fewer securities.

When new information is brought to our attention which significantly changes our view of global macro-economic forecasts, your personal situation, or your lifestage, we will review your allocation model to determine if any adjustments are necessary. If we conclude that adjustments are prudent, we may change the list of candidate securities we are following on your behalf, and we may make purchases or sales within your portfolio as a result of this review. There is no guarantee that these adjustments, if any, will result in greater gains or lesser losses of your principal than would have occurred absent these adjustments.

Our primary strategy does not involve frequent trading of securities. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

We do not recommend primarily any particular type of security, nor do we recommend any type of security which involves significant or unusual risks beyond what has been described here.

Investing in securities involves risk of loss that you should be prepared to bear.

## **9. Disciplinary Information**

There are no legal or disciplinary events that are material to your evaluation of our advisory business or the integrity of our management.

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

We are not registered, nor do we have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

We are not registered, nor do we have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

We do not have any relationship or arrangement that is material to our advisory business or to you with any broker-dealer, municipal securities dealer, or government securities dealer or broker; investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund); other 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 syndicator of limited partnerships.

We do not recommend or select other investment advisers for you.

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

We do not have a written code of ethics. Under federal and state law, we are a fiduciary and must make full disclosure to you of all material facts relating to the advisory relationship. As a fiduciary, we seek to avoid conflicts of interest with you, and, at a minimum, make full disclosure of all material conflicts of interest between you and us that could affect the advisory relationship. We provide you with sufficiently specific facts so that you are able to understand the conflicts of interest we have and the business practices in which we engage, and can give informed consent to such conflicts or practices or reject them.

We do not see any conflicts of interest or ethical dilemmas between you and us, because there are no third-parties associated with our relationship.

We do not recommend to you, nor buy or sell for your accounts, securities in which we or a related person have a material financial interest.

We do not buy for your accounts securities which we sell from our accounts. Similarly, we do not sell from your accounts securities which we buy for our accounts.

We believe in our recommendations, and we believe we should have a stake in our recommendations. We make positions in our own account that are consistent, not counter, to those made for or recommended to you. We may invest in the same securities (or related securities, e.g., warrants, options or futures) that we recommend to you. We may recommend securities to you, or buy or sell securities for your accounts, at or about the same time that we buy or sell the same securities for our own account. No effort is made to create more favorable terms to us at the expense of you. When securities are bought or sold for more than one account, a block trade is used, combining our order with yours so that identical pricing is assured.

## **12. Brokerage Practices**

We recommend brokers and custodians to you, after a selection by us of suitable, available brokerages. The factors considered for suitability of a broker to be recommended include:

- Safety and soundness as measured by protection offered against lost securities and cash;
- Commissions and fees that are competitive with national marketplace averages;
- Availability of products and services from which you can benefit;
- National scale, as measured by market share.

We do not receive any "soft dollar" benefits for using any broker, nor any products nor services paid by broker commissions.

The value of goods or services provided by the broker to us, if any, is not a factor which affects consideration of a broker's suitability for recommendation to you.

We do not accept client referrals from any broker.

Whenever we have the opportunity to do so, we aggregate client transactions within a brokerage. This can provide more favorable pricing to you, compared to if we did not.

## **13. Review of Accounts**

We review your accounts on a daily basis when markets are open. Intensive surveillance of your assets is a differentiating service we offer you.

We send you a written performance report quarterly.

## **14. Client Referrals and Other Compensation**

No one who is not a client provides an economic benefit to us for providing investment advice or other advisory services to you.

We do not, directly or indirectly, compensate any person who is not our supervised person for client referrals.

## **15. Custody**

The qualified custodian will send you quarterly, or more frequent, account statements directly to you. You will receive account statements from the broker-dealer, bank or other qualified custodian and you should carefully review those statements.

You also receive account performance reports quarterly from us, and you should reconcile the account statements you receive from the qualified custodian with those reports you receive from us.

We do not hold your money nor securities. Your contributions and deposits shall be made payable to the custodian, and forwarded to them by either you or us. Checks (or other instruments) intended for account contribution or deposit may not be made out to us. If we are in receipt of such, we will not accept them but return them to you.

## **16. Investment Discretion**

Accounts under management are given complete expressed discretionary authority to manage securities by you per written agreement. We will record your prejudices and preferences for certain classes or

specific issues, but we make no guarantee that those wishes will be adhered to if, in our sole judgment, upholding such prejudice or preference would run counter to your investment goals and risk profile.

## **17. Voting Client Securities**

We will accept authority to vote your securities, should you authorize us to do so by written agreement. This agreement can be made upon account opening or anytime thereafter. This agreement can be revoked by you at anytime by request. If we are authorized to vote your securities, then we will act in a prudent and diligent manner intended to enhance the economic value of the assets in your account, as we alone solely judge. We have codified our policy and procedure for voting client proxies in a written proxy voting policy and procedure. You may not direct us to vote in any particular solicitation.

You may obtain information from us about how we voted your securities, and you may obtain a copy of our proxy voting policy and procedure by request; simply phone or email.

In the case that there exists a material conflict of interest between us and the voting of your securities, we will rely on our written proxy voting policy and procedure to ensure that whatever conflict of interest may arise does not influence our voting of your security. In those matters where a material conflict exists and the voting policy does not provide a specific guideline, you will be notified about the conflict and be given opportunity to consent before we vote your securities.

If we do not have authority to vote your securities, you will receive your proxies or other solicitations directly from the custodian or a transfer agent, and you can contact us with questions about a particular solicitation by email or phone at any time.

## **18. Financial Information**

We do not require nor solicit prepayment of fees. Thus, no balance sheet is required.

We have discretionary authority and are interpreted to have custody of client funds by virtue of our requesting the custodian draw advisory fees from your account. We know of no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you.

## **19. Requirements for State-Registered Advisers**

Our principal executive officer and sole management person is Kenneth J. Harringer.

Mr. Harringer's formal education includes:

BS Electrical Engineering, University of Maryland, 1985.

MS Engineering Management, George Washington University, 1995.

Mr. Harringer's business background includes:

Passing grade on the "Series 65" investment advisor exam.

Mr. Harringer has been investing in stocks and mutual funds since 1986, and began managing relative's portfolios in 1991. After these successful years of investing, Mr. Harringer, along with his partner Mrs. Elizabeth A. Harringer, created White Oak Systems, LLC, on 7/11/2000, to offer tax preparation, investment advisory services, and portfolio management to the public.

Prior to White Oak Systems, Mr. Harringer was a successful business development manager and systems engineer in the private and federal government sectors.

There are other businesses in which we are actively engaged (other than giving investment advice).

We provide tax preparation, planning, and consulting services to individuals and businesses. Tax preparation services may be offered to you, and investment advisory services are offered to select tax preparation clients. We spend a significant majority of the months of February and March performing the tax preparation business. The balance of the year we perform mainly investment advisory services and research.

Our partners are also members of Hillandale Investment Partners, LLC, a private partnership providing property management and residential leasing. No partnership interests nor management services are

offered to you. No investment advisory services are offered to tenants managed by Hillandale Investment Partners.

We are not compensated for advisory services with performance-based fees.

We have not been involved in any reportable events.

There is no relationship or arrangement that we or any of our management persons have with any issuer of securities that is not listed in Item 10.

We do not participate in a "wrap fee" program, so thus we do not have a Wrap Fee Program brochure, aka Form ADV Part 2A Appendix 1.

We do have a "supervised person," so thus we do have a Brochure Supplement, aka Form ADV Part 2B, available under separate cover.

Thank you for reading our brochure! If you have any comments or recommendations, please contact us.