

# **MarketRiders, Inc.**

## **Client Brochure**

*This brochure provides information about the qualifications and business practices of MarketRiders, Inc.. If you have any questions about the contents of this brochure, please contact us at (866) 990-3837 or by email at: [support@marketridders.com](mailto:support@marketridders.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 MarketRiders, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). MarketRiders, Inc.'s CRD number is: 147963*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

There are no material changes in this brochure from MarketRiders, Inc.'s last annual update filing on January 27, 2010. Material changes relate to MarketRiders, Inc.'s policies, practices or conflicts of interests only.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

This firm has been in business since September 4, 2008, and the principal owners are Mitchell Jay Tuchman and Stephen Russell Beck.

### **B. Types of Advisory Services**

MarketRiders, Inc. (hereinafter "MR") offers the following services to advisory clients:

#### ***Service #1 – MR Online Subscription Service***

MR offers a subscription-based Internet service that empowers registered members to build and manage portfolios of Exchange Traded Funds (ETFs). To become a registered member (hereinafter "Clients") Clients elect to pay a monthly, quarterly, or annual subscription fee resulting in access to MarketRiders software that allows them to build and manage their MarketRiders portfolios.

Within the MarketRiders software, Clients can either choose to answer a series of questions resulting in a recommended portfolio, or they can employ the custom portfolio construction feature to build the portfolio of their choosing. MR monitors these portfolios for Clients and sends out rebalancing alerts guiding their portfolio management. All new Clients receive a 30-day free trial that can be terminated during the trial period without penalty. After the 30-day free trial, Clients may terminate their account at anytime through the account management function on the MarketRiders website and no further charges will be made to their bank or credit card. There is no required minimum account size to use this service.

#### ***Service #2 – MR Investment Supervisory Service***

MR offers an IRA Investment Supervisory Service. The portfolios are built based on the Client's age, time horizon, risk tolerance and investable assets. MR Investment Supervisory Service includes but is not limited to, the following: Investment strategy; Personal investment policy; Asset allocation; Asset selection; Regular portfolio monitoring and rebalancing.

Using its software, MR will evaluate the Client's investment needs which will result in a recommended MR portfolio. MR will use discretionary authority from Clients in order to select securities and execute transactions without permission from the Client prior to each transaction. The specific portfolio along with investment experience and risk tolerance will be documented in the Investment Policy Statement, which will be given to each client.

### ***Services Limited to Specific Types of Investments***

MR limits its investment advice and/or money management primarily to ETFs and sometimes may use index mutual funds, equities, bonds, fixed income, debt securities, and REITs. MR may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

MR offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's risk tolerance levels, investment time horizon and investment experience and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent MR from properly servicing the client account, or if the restrictions would require MR to deviate from its standard suite of services, MR reserves the right to end the relationship.

### **D. Wrap Fee Programs**

MR does not participate in any wrap fee programs.

### **E. Amounts Under Management**

MR has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$30,000,000.	\$0.00	10/28/2010

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Payment of Service #1 – MR Online Subscription Service*

Clients may elect to pay a subscription fee of \$9.95 monthly, \$24.95 quarterly, or \$99.95 annually, resulting in access to MarketRiders online software that allows them to build and manage their MarketRiders portfolios. These fees are negotiable and are paid in advance, but never more than six months in advance. Monthly subscribers who cancel during the month do not receive a pro-rated refund. All new Clients receive a 30-day free trial that can be terminated during the trial period without penalty. After the 30-day free trial, Clients may terminate their account at anytime through the account management function on the MarketRiders website and no further charges will be made to their bank or credit card.

#### *Payment of Service #2 – MR Investment Supervisory Service*

Total Assets Under Management	Annual Fee
All Assets Under Management	\$495.00

Fees for these services will be \$495 per managed IRA account. Fees are paid in advance. Clients may terminate their accounts without penalty, for full refund, within 5 business days of signing the advisory contract. There is an account minimum of \$50,000 which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

MR offers a low price guarantee on its IRA Investment Supervisory Service. If the Client can demonstrate a lower cost for IRA management including all related management expenses (management fees, mutual fund fees, ETF fees, trading costs, and all other related expenses), MR will refund their current year IRA Investment Supervisory Service fee of \$495 and if requested, move the IRA to the Client's chosen service provider.

### B. Payment of Fees

#### *Payment of Service #1 – MR Online Subscription Service*

Online Subscription Service fees are paid via Paypal or credit card in advance, but never more than six months in advance. Fees that are charged in advance will be refunded at the Client's request, based on the prorated amount of work completed at the point of termination.

#### *Payment of Service #2 – MR Investment Supervisory Service*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid yearly in advance.

### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fee etc.). Those fees are separate and distinct from the fees and expenses charged by MR. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

MR collects fees in advance. For Service #2, fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via being returned to credit card or deposited back into the client's account.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither MR nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

MR does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

MR generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Trusts, Estates, or Charitable Organizations

### ***Minimum Account Size***

There is an account minimum for investment supervisory services of \$50,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation. There is no account minimum for clients that solely participate in the Online Subscription Service.

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

### **A. Methods of Analysis and Investment Strategies**

MR's methods of are based upon efficient frontier and modern portfolio theory analysis which focuses on getting the proper asset allocation for the client and then gaining exposure to these asset classes through the use of Exchange Traded Funds (ETFs) and the implementation of periodic rebalancing when target allocations move outside of defined ranges. **Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

MR uses Long Term and Short Term Purchasing strategies.

MR utilizes investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

MR generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither MR nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

**B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither MR nor its representatives are registered as a FCM, CPO, or CTA.

**C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither MR nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

All material conflicts of interest Under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonable expected to impair the rendering of unbiased and objective advice.

**D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

MR does not utilize nor select other advisors or third party managers. All assets are managed by MR management.

**Item 11: Code of Ethics, Participation in Transactions, Personal Trading**

**A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

**B. Recommendations Involving Material Financial Interests**

MR does not recommend that clients buy or sell any security in which a related person to MR has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of MR may buy or sell securities for themselves that they also recommend to clients. MR will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of MR may buy or sell securities for themselves at or around the same time as clients. MR will not trade non-mutual fund or non-ETF securities 5 days prior to or 5 days after trading the same security for clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

MR may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although MR may recommend/require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. MR is independently owned and operated and not affiliated with Schwab.

Schwab provides MR with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. These services are contingent upon MR committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For MR client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to MR other products and services that benefit Advisor Firm but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of MR's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist MR in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of MR's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Schwab Advisor Services also offers other services intended to help MR manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to MR. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to MR. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, MR may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### ***1. Research and Other Soft-Dollar Benefits***

There is no minimum client number or dollar number that MR must meet in order to receive free research from the custodian or broker/dealer. There is no incentive to for MR to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. The first consideration when recommending broker/dealers to clients is best execution.

### ***2. Brokerage for Client Referrals***

MR receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

MR will not allow its investment supervisory clients to direct MR to use a specific broker-dealer to execute transactions. Clients must use MR recommended custodian (Charles Schwab & Co., Inc). Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, MR may be unable to achieve most favorable execution of client transaction and that this may cost clients money over using a lower-cost custodian. MR allows its online subscription clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

MR maintains the ability to block trade purchases across accounts but will rarely do so. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least annually only by Mitchell Jay Tuchman, President. Mitchell Jay Tuchman is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at IA are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

MR provides monthly reports via email to its online subscription. Investment supervisory clients will receive reports detailing the clients account performance either by mail or email, from the custodian.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

MR does not receive any economic benefit, directly or indirectly from any third party for advice rendered to MR clients.

### **B. Compensation to Non –Advisory Personnel for Client Referrals**

MR from time-to-time enters into joint marketing agreements with websites and other marketing organization for which MR pays a referral fee for free trial subscribers to its online service.

### **Item 15: Custody**

MR does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the custodian; Charles Schwab & Co., Inc. Clients will receive account statements from the custodian and should carefully review those statements.

### **Item 16: Investment Discretion**

For those client accounts where MR provides ongoing supervision, MR maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced. **MR does not have discretion over its online subscription clients.**

### **Item 17: Voting Client Securities (Proxy Voting)**

MR will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

MR does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither MR nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

Neither MR nor its management have been the subject of a bankruptcy petition in the last ten years.