

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

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Name of Investment Adviser:						
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:

**This part of FORM ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any government authority.**

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(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.**

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**1. A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

- |                              |  |         |
|------------------------------|--|---------|
| <input type="checkbox"/> (1) | Provides investment supervisory services .....   | _____ % |
| <input type="checkbox"/> (2) | Manages investment advisory accounts not involving investment supervisory services.....  | _____ % |
| <input type="checkbox"/> (3) | Furnishes investment advice through consultations not included in either service described above...  | _____ % |
| <input type="checkbox"/> (4) | Issues periodicals about securities by subscription .....  | _____ % |
| <input type="checkbox"/> (5) | Issues special reports about securities not included in any service described above.....   | _____ % |
| <input type="checkbox"/> (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... | _____ % |
| <input type="checkbox"/> (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities...   | _____ % |
| <input type="checkbox"/> (8) | Provides a timing service .....  | _____ % |
| <input type="checkbox"/> (9) | Furnishes advice about securities in any manner not described above.....   | _____ % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

		Yes	No
B.	Does applicant call any of the services it checked above financial planning or some similar term? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>

**C.** Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                               | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other             |

**D.** For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |  |   |
|--|---|
| <input type="checkbox"/> A. Individuals                      | <input type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions     | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies             | <input type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input type="checkbox"/> D. Pension and profit sharing plans |   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

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**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |   |
|---|---|
| <input type="checkbox"/> A. Equity securities                                       | <input type="checkbox"/> H. United States government securities     |
| <input type="checkbox"/> (1) exchange-listed securities                             | <input type="checkbox"/> I. Options contracts on:                   |
| <input type="checkbox"/> (2) securities traded over-the-counter                     | <input type="checkbox"/> (1) securities                             |
| <input type="checkbox"/> (3) Foreign issuers  | <input type="checkbox"/> (2) commodities                            |
| <input type="checkbox"/> B. Warrants  | <input type="checkbox"/> J. Futures contracts on:                   |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                              |
| <input type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> (2) intangibles                            |
| <input type="checkbox"/> E. Certificates of deposit                                 | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input type="checkbox"/> F. Municipal securities                                    | <input type="checkbox"/> (1) real estate                            |
| <input type="checkbox"/> G. Investment company securities:                          | <input type="checkbox"/> (2) oil and gas interests                  |
| <input type="checkbox"/> (1) variable life insurance                                | <input type="checkbox"/> (3) other (explain on Schedule F)          |
| <input type="checkbox"/> (2) variable annuities                                     | <input type="checkbox"/> L. Other (explain on Schedule F)           |
| <input type="checkbox"/> (3) mutual fund shares                                     |   |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |  |  |
|--|--|
| (1) <input type="checkbox"/> Charting    | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical   |  |

B. The main sources of information applicant uses include: (check those that apply)

- |  |   |
|--|---|
| (1) <input type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services                                |
| (2) <input type="checkbox"/> Inspections of corporate activities   | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the |
| (3) <input type="checkbox"/> Research materials prepared by others | Securities and Exchange Commission  |
| (4) <input type="checkbox"/> Corporate rating services             | (7) <input type="checkbox"/> Company press releases                         |
|  | (8) <input type="checkbox"/> Other (explain on Schedule F)                  |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions   |
| (2) <input type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input type="checkbox"/> Short sales  |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)**

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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes No  
☐ ☐

(If yes, please describe these standards on Schedule F)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. Yes No  
☐ ☐

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)**

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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☐ E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes No  
☐ ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.
- B. Describe below the nature and frequency of regular reports to clients on their accounts.

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**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  |                          |                          |
|--|--------------------------|--------------------------|
|  | Yes                      | No                       |
| (1) securities to be bought or sold? .....           | <input type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of securities to be bought or sold? ..... | <input type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? .....               | <input type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? .....                     | <input type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ..... ☐ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |                          |                          |
|---|--------------------------|--------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes                      | No                       |
|   | <input type="checkbox"/> | <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes                      | No                       |
|   | <input type="checkbox"/> | <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?..... ☐ Yes ☐ No

**1. D. ACTIVITIES OF THE INVESTMENT ADVISER.**Individually Managed Accounts - Services, Fees, and Termination

Pacifica Capital Investments, LLC ("PCI") provides investment advisory services primarily with respect to equity securities traded on national securities exchanges (generally the New York and American Stock Exchanges) and on the NASDAQ Stock Market and occasionally non listed securities. PCI focuses on businesses and industries in which it tries to have a thorough understanding, and limits the number of positions in an account to typically less than 15. Please see explanation under Item 12 below for further details.

With respect to high net worth individuals (those having a net worth of \$1.5 million or more or \$750,000 or more under the management of PCI), PCI usually charges a Base Management Fee and Performance Fee. The annual Base Management Fee shall not exceed 1.5% of the Net Asset Value of client's account as of the end of each calendar year. Additionally, the annual Performance Fee shall not exceed 15% of the annual increase in the Net Asset Value of the client's account in excess of the Minimum Annual Return. However, the Performance Fee is not payable except to the extent that the actual cumulative return on the client's account from its inception exceeds the cumulative Minimum Annual Return on that account for the same period of time.

The Minimum Annual Return is that hypothetical amount resulting from application of the Minimum Annual Rate of Return to client's account. The Minimum Annual Rate of Return is the yield on the ten-year United States Treasury bond (30-year bond for some of the older accounts) as of the first day of each calendar year, effective for all of that year.

Fees are adjusted proportionately with respect to accounts that have been opened or closed during the year, and for capital contributions to or withdrawals from accounts other than on the first or last day of any calendar year. Clients are billed after the end of each calendar year for fees earned by PCI during that year based on year-end account balances and account performance for the year (if the account is charged a performance based fee). All fees are due and payable to PCI within 20 days after the billing date. The client has the option of paying their annual fees by personal check or deducting the fees from their account by signing an authorization form. Fees charged by PCI may be negotiated and vary among clients depending on the size of the account, the likelihood of the account increasing over time, relationship to PCI and/or Steve Leonard, and other subjective factors. Special credits may also be given in respect to the management fee in any given year. Clients may terminate their account per the terms of the Advisory Agreement, by written communication, without penalty. At that time, the client will be billed on a pro-rata basis for the number of days/months that services were provided by PCI. PCI will not refund performance fees previously billed on the account. The terms of the Advisory Agreement are negotiable.

Steve Leonard, the sole Managing Member of PCI, is assisted in his investment research efforts by Andy Carpiac and Kari Pemberton. Their efforts supplement Mr. Leonard's efforts and usually involved field-based research in areas outside of Southern California.

Regarding the privacy policies of the firm, PCI does not disclose the identity, affairs or investments of its clients to any third person unless required by law to do so or unless consented to by the client. Securities broker/dealers through which PCI executes transactions for the accounts of PCI clients are required to obtain information with respect to such clients. PCI or the client provides such information.

#### Private Investment Vehicles - Services, Fees, and Termination

PCI intends to provide investment advisory services to private investment companies that are exempt from registration Pursuant to Section 4(2) of the Securities Act of 1933 and the “safe harbor” provisions of Regulation D and Rule 506 thereof, as well as exempt from registration as an investment company pursuant to Section 3(c)(1) of the Investment Company Act of 1940.

PCI intends to manage the accounts of the PACIFICA CAPITAL FUND, L.P. (the “Partnership”), a private investment vehicle, in accordance with the Partnership’s stated objectives. PCI will provide investment advice to the Partnership and execute discretionary trades for the Partnership.

The primary investment objective of the Partnership is growth of capital. The business of the Partnership is buying and selling securities of small to large capitalized companies, including stocks, warrants, rights and options of U.S. and non-U.S. entities.

The Partnership’s goal is to build long-term wealth for its Partners by investing in public companies with strong growth potential and acquiring these companies at prices below their intrinsic value. The Partnership will focus primarily on finding quality companies with easily understandable business models, favorable long term earnings prospects, durable competitive advantages, management teams that act with integrity, and interests that can be acquired below their intrinsic value.

The Partnership may invest and trade in public and private securities and may lend funds or assets and borrow money, with and without collateral. Positions in securities may be held for very short periods, even as little as a portion of one day. The Partnership may engage in transactions in exchange-listed options in conjunction with or in lieu of taking a position in underlying securities, including writing uncovered options. The Partnership also may engage in short sales of securities and margin transactions. The Partnership may also invest or trade in cash commodities, commodity futures, or commodity options contracts after securing all necessary registrations from the N.F.A., C.F.T.C., or other regulatory agencies.

There will be a quarterly Management Fee payable to PCI in advance, as follows:

(a) Each Class A Limited Partner’s (as defined below) capital account (except Special Limited Partners’ capital accounts) will pay to PCI (or an affiliate thereof), in advance, a quarterly Management Fee in an amount equal to one quarter of 1% of the Net Asset value of the Class A Limited Partner’s capital account, including portion of the Partnership’s Private Investment Sub-Accounts allocable to such Limited Partner, if any, adjusted for contributions as of the opening of business on the first day of such quarter (1% annualized).



(b) Each Class B Limited Partner's (as defined below) capital account (except Special Limited Partners' capital accounts) will pay to PCI (or an affiliate thereof), in advance, a quarterly Management Fee in an amount equal to one quarter of 2% of the Net Asset value of the Class B Limited Partner's capital account, including portion of the Partnership's Private Investment Sub-Accounts allocable to such Limited Partner, if any, adjusted for contributions as of the opening of business on the first day of such quarter (2% annualized).

PCI may, in its sole discretion, waive all or a portion of the Management Fee allocable to certain Limited Partners. Such Management Fee shall be adjusted (pro rata) to take into account any capital contributions made during such quarter.

Pursuant to the PCI management agreement with the Partnership, PCI's investment advisory services to the Partnership may be terminated on 10 days written notice. If the agreement is terminated before the last day of a quarter, PCI's fees will be prorated in accordance with the Partnership's Limited Partnership agreement.

In addition to providing investment advisory services to the Partnership, PCI is also the General Partner of the Partnership and, as such, will receive a performance based incentive allocation from the capital accounts of Class A Limited Partners of the Partnership. Pursuant to the limited partnership agreement, the General Partner will receive a 15% incentive allocation of net profits (or as otherwise agreed upon), subject to "high water mark" and "hurdle" provisions.

Under the High Water Mark provision, the General Partner's incentive allocation is based upon the cumulative net income over and above the aggregate of the previous calendar year's net income above the highest net asset value. Net income includes both realized and unrealized profits as well as interest income. If net income for the calendar year is negative (a loss), it shall constitute a "carry forward loss" for the beginning of the next calendar year. No incentive allocation shall be payable to the General Partner until net income for the ensuing calendar years exceed such Limited Partner's aggregate carry forward loss. To the extent any assets are withdrawn from an account, any loss attributable to those withdrawn amounts shall not be carried forward to reduce future net income.

The General Partner's Incentive Allocation is subject to a "Hurdle" such the a reallocation will be made to the General Partner with respect to a Limited Partner only if and to the extent that "New Net Profits" (defined as the extent of net profits allocated to a Limited Partner's capital account for a fiscal period that exceed the aggregate carry forward losses in such account) exceed the Hurdle for such Limited Partner's capital account.

The hurdle applicable to a Limited Partner's capital account for each fiscal period shall equal the sum of the "Base Hurdle" and the "Carried Forward Hurdle." The Base Hurdle and Carried Forward Hurdle shall be calculated by multiplying such Limited Partner's capital account balance as of the start of a fiscal period (the "Starting Capital Account") by the "Base Hurdle Rate" and "Carried Forward Hurdle Rate" (as defined hereafter), respectively. The Carried Forward Hurdle applicable to a Limited Partner's capital account will be proportionately reduced to take into account any

distributions or withdrawals to or by such Limited Partner.

The Base Hurdle Rate for each fiscal period shall equal the prevailing annualized interest rate payable on a United States 10-year Treasury Bill issued upon the beginning of such fiscal period (prorated for partial fiscal periods).

The Carried Forward Hurdle Rate for the first fiscal period in which a Limited Partner's capital account is established shall be 0%. For each subsequent fiscal period, the Carried Forward Hurdle Rate shall equal the previous fiscal period's Carried Forward Hurdle Rate, adjusted as follows:

(i) increased by the amount by which previous fiscal period's Base Hurdle Rate exceeds the following percentage: New Net Profits (earned in the previous fiscal period) divided by the value of such Limited Partner's Starting Capital Account for such previous fiscal period; provided, however, that the Carried Forward Hurdle rate for a fiscal period may not be increased by an amount more than the previous fiscal period's Base Hurdle Rate; and

(ii) decreased by the amount by which the following percentage exceeds the Hurdle Rate for such previous fiscal period: New Net Profits (earned in the previous fiscal period) divided by the Limited Partner's Starting Capital Account for such previous fiscal period; provided however, that the Carried Forward Hurdle rate may not be decreased to amount less than 0%.

The General Partner limits investment in the Partnership to persons who qualify as sophisticated or accredited investors, as defined in Regulation D under the Securities Act of 1933. The General Partner intends that any performance fees shall be chargeable in accordance with Rule 205-3 under the Investment Advisers Act of 1940. As such, the incentive allocation is chargeable only to Class A Limited Partners. Only "Qualified Clients" (as defined in Rule 205-3 promulgated under the Investment Advisers Act of 1940) or persons who are not residents of the United States are eligible to become Class A Limited Partners. Only residents of the United States who are not "Qualified Clients" are eligible to become Class B Limited Partners. The capital accounts of Class B Limited Partners will be charged only a Management Fee of one quarter of 2% of net assets, paid quarterly in advance (2% annualized).

## **2G.ADVISORY SERVICE PROVIDED TO PRIVATE INVESTMENT VEHICLES**

PCI intends to provide investment advice to its client, PACIFICA CAPITAL FUND, L.P., a private investment vehicle.

## **5. EDUCATION AND BUSINESS STANDARDS**

Academic, experience and competency requirements: college education, completion and passing of required Series 65 securities exam and/or other required securities examinations and business experience in the Securities Industry, futures industry or related businesses. Work experience involving brokerage and investment activities as well as continuing education in Securities Industry practices and compliance is required.

Ethical Requirements: A disciplinary history indicating that the individual has not been convicted of, pleaded guilty to, or pleaded nolo contendere to any misdemeanor or felony involving investor, investor-related business fraud, false statements or omissions, wrongful taking of property, bribery, forgery, counterfeiting, extortion, or any other felony. The individual providing investment advice should not have been enjoined from providing any investment-related activity by any court of law, or found to have violated any investment-related statutes or regulations by any court of law. The person giving investment advice should not have been the subject of any finding by any federal, state or regulatory agency that the individual involved made a false statement or omission, or has been dishonest, unfair or unethical. Also under consideration would be findings from any foreign government, exchange or regulatory agency that the individual was a perpetrator of any fraud.

## **6. EDUCATION AND BUSINESS BACKGROUND OF PCI'S PRINCIPALS**

Steven C. Leonard provides investment advisory services for PCI. He formed PCI in 1998 and has served as its sole managing member since that time. He was born in 1954, attended the University of Colorado, Boulder, Colorado, for one year, and attended University of California, Los Angeles (UCLA), for three years, graduating in 1977 with a Bachelor of Arts Degree in Economics.

After graduating from UCLA, Mr. Leonard began managing his family's stock portfolio while entering the real estate business as his primary profession. Prior to 1998, Mr. Leonard was actively involved in real estate development and management, mainly in Los Angeles, California and Denver, Colorado, and he founded Pacifica Holding Company with two partners in the early 1980's to pursue such real estate development opportunities. Mr. Leonard still has a limited involvement in commercial real estate investments in California, Colorado, and Spain. At the encouragement of several of Pacifica Holding Company's private real estate investors who were looking to diversify, Mr. Leonard formed PCI while returning to Southern California in 1998 with the goal of achieving the same type of satisfactory results that he produced with his family's portfolio over the twenty years prior to forming PCI.

Mr. Leonard has served on the Board of Directors of the National Association of Industrial and Office Properties (Colorado) ("NAIOP") and was honored by the NAIOP as Owner of the Year in 1996 and Developer of the Year in 1997.

Mr. Leonard has served on the board of directors for both public and private companies, including Colorado Gaming and Entertainment, BJ's Chicago Pizza, and First American State Bank. Mr. Leonard is also the founder of Brokers for Battered Kids, a charitable organization that has raised almost \$2 million for disadvantage children in the Denver area. He is FINRA Series 65 (Uniform Investment Advisor Law Examination) examination qualified.

Andrew Carpiac also provides investment advisory services and serves as a manager for PCI. Mr. Carpiac was born in 1976, and attended UCLA where he graduated and received a Bachelor of Arts degree in Business/Economics in 1999.

Mr. Carpiac joined Pacifica Capital Group, a Los Angeles based commercial real estate development/investment firm, in 1997 and handled acquisitions, dispositions, development, and asset management for the firm. During this time Mr. Carpiac was the partner in charge of Pacifica Capital's residential development project in the Old Las Palmas area of Palm Springs, California. After the disposition of Pacifica Capital's commercial real estate portfolio in December of 2004, Mr. Carpiac relocated to Sacramento, California to serve as President of a Pacifica controlled regional retail company with stores in Northern California and Chicago. Mr. Carpiac went on to serve as Executive Chairman after finding a successor President in May of 2006. He is FINRA Series 65 (Uniform Investment Advisor Law Examination) examination qualified.

#### **8.C(12). SERVING AS GENERAL PARTNER OF PACIFICA CAPITAL FUND, L.P.**

As described in item 1.D, PCI intends to provide investment advice to PACIFICA CAPITAL FUND, L.P. (the "Partnership") and draw a management fee for the provision of such advice. PCI is also the Partnership's General Partner and will draw a performance based allocation as described in 1.D.

#### **8.D. SOLICITATION OF CLIENTS FOR INVESTMENT IN THE PARTNERSHIP**

Although the Partnership, PACIFICA CAPITAL FUND, L.P., is a single client, clients will be solicited to invest in this fund by Mr. Leonard, Andrew Carpiac, and Blake Isaacson. Thus, advisory clients of PCI will be solicited to invest in Partnership. Because the Partnership operates under the Regulation D exemption to the Securities Act of 1933, clients and prospective investors will not be solicited through general solicitation or general advertising contrary to Rule 502(c).

The following is also applicable to this Items 8.D, 3.K(3) and 9.D: Mr. Leonard is also a manager or partner of and an equity owner in the following limited liability companies or limited partnerships that own real estate investments in Colorado and Southern California: Ward Pacifica Partnership, PID Denver II, Pacifica Central Limited Partnership, Pacifica Central General Partnership, Shelby Dr. General Partnership, K&L Redondo Beach, General Partnership PAC-4, LLC. He also is the manager of Pacifica Noodles, LLC, formed to invest in the securities of a non-public company. Clients of PCI may be, or may have been, solicited to invest in these entities. Most of these entities are single purpose entities formed to own one real estate asset or an operating business investment.

#### **9. CODE OF ETHICS**

PCI subscribes to a Code of Ethics, which will be available to any client upon request. This Code applies to PCI, the Partnership, and any executive officer or other officer performing a similar function within the aforementioned entities. The code holds each officer and entity responsible for promoting honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; fair disclosure to the SEC or other applicable regulatory agencies; and prompt reporting of violations of the Code to appropriate regulatory agencies.

Regarding Conflicts of Interests, the overarching principle is that the personal interest of a Covered Officer should not be placed improperly before the interest of the Partnership or other client. More specifically, each Covered Officer must not use his or her personal influence or personal relationship

improperly to influence investment decisions or financial reporting by the Partnership or other client whereby the Covered Officer would benefit personally to the detriment of the Partnership; or cause the Partnership or other client to take action, or fail to take action, for the individual personal benefit of the Covered Officer rather than the benefit of the Partnership.

PCI has adopted the following Code of Ethics:

- **Fiduciary Responsibility-** PCI and its staff shall exercise the highest standard of care in protecting and promoting the interests of its clients, and will provide a written disclosure containing any conflicts of interest that may compromise their impartiality or independence. As fiduciary, PCI shall not accept any referral fees or compensation that is contingent upon the purchase or sale of any financial product.
- **Integrity-** All professional services shall be rendered by PCI and its staff with the highest level of integrity.
- **Objectivity-** PCI and its staff shall provide advice that is objective and in the best interest of the client and without actual or perceived conflicts of interest.
- **Competence-** PCI and its staff shall maintain the necessary knowledge and skills to provide its clients with competent advice and services.
- **Fairness-** All professional services shall be performed by PCI and its staff in a manner that is fair and reasonable to its clients.
- **Confidentiality-** PCI and its staff shall maintain and safeguard all confidential client information in accordance with applicable laws.
- **Diligence-** PCI and its staff shall ensure the accuracy and completeness of records, information, and data collected, used and managed, and will take necessary steps to correct any discrepancies.
- **Regulatory Compliance-** PCI and its staff shall comply fully with appropriate laws and internal regulations. PCI will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

The aforementioned policy is applicable to items 9(D) and 9(E).

#### **9D. FINANCIAL INTEREST IN CLIENT SECURITIES**

Representatives of PCI may advise the client to purchase interests in the above referenced Partnership, a pooled investment vehicle, after determining whether or not a specific client meets the eligibility requirements associated with participation in the Partnership. PCI will receive compensation (as outlined above) for managing and advising the Partnership, and representatives of PCI may have a participatory interest in the Partnership.

#### **9E. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Some principals of PCI engage in personal trading activities. They participate in the same strategies as PCI's clients and may also engage in trading activities that are unrelated to the trading and investment activities of PCI's clients. PCI reviews personal securities transactions of such persons to check for conflicts of interest.

PCI may advise the a client to purchase securities of the same class and type that Mr. Leonard owns in an account that is separate from the client. However, pursuant to the Code of Ethics and the Partnership's Private Offering Memorandum, PCI may not knowingly favor its own account over any account for which it acts as General Partner or Investment Advisor.

PCI manages an account for itself, Steve Leonard, family relationships to Steve Leonard, and associates of PCI. All accounts are analyzed individually, including the PCI, Leonard, family related accounts, and associate accounts in a systematic order. Review frequency is described in section 11.A. Most trades are placed online during this review process in the order that the accounts are reviewed. PCI establishes its estimation of each particular security's fair value and from that estimation determines a target range to buy the security. For positions already in an account, a target range to sell that security is likewise established. Usually the market price of a security is higher than the buy price range, and PCI will enter good until canceled order(s) within the buy target price range. Depending on the amount of cash available in the account, the size of the account, and if the position is currently in the account and the relative size of a particular security's position in an account, multiple open orders to purchase a given security at a descending price level may be entered. Conversely, for positions already in the account, similar factors are considered and good until cancelled order(s) sell at an ascending price may be entered. Consideration is given to each account individually based on several factors including the size of the account, the relative size of the positions in the account, or the lack thereof positions in account, tax considerations, and the investment goals of the client. The same procedures apply to PCI, Leonard, family related accounts, and associate accounts.

#### **10. MINIMUM INVESTMENT AMOUNT**

PCI generally does not manage accounts with initial deposits less than \$250,000, but does not have any minimum required investment. Accounts below certain specified minimums may be negotiable and accepted on an individual basis at the firm's discretion. However, the PCI may from time to time establish, modify and waive account or investment minimums for different investment products and/or services.

#### **11.A. REVIEW OF ACCOUNTS**

All investment advisory accounts of PCI, including the PCI, Leonard, and family related accounts, are reviewed regularly, generally not less than every 2 months, and more frequently as warranted. Review frequency increases for reasons including: contributions or withdrawals of cash, if a client advises us of an investment goal change, or market volatility increases. Each account is reviewed on an individual basis, and issues specific to that account are considered in the review process. All account reviews are conducted by Steven C. Leonard who has primary responsibility for each account, as the designated investment adviser professional primarily responsible for each account.

**11.B. NATURE AND FREQUENCY OF REPORTS (CONTINUED FROM FORM ADV PART II, PAGE 5, ITEM 11)**Individually Managed Accounts

As soon as practical following the end of each calendar quarter, PCI prepares reports for its clients. The contents of the reports may vary, but generally include an assessment of current market and economic conditions, a discussion of some or all of the securities held in the accounts, performance results of the account for the year to date and inception to date periods in which a comparison is made against the S&P index, estimated year to date management fees, and often a discussion of PCI's investment strategy and/or investment philosophy. Annual reports also are provided as soon as practical after the end of each calendar year with a calculation of the management fees due for that year.

PACIFICA CAPITAL FUND, L.P.

PCI will also make arrangements for the verification of the Partnership's assets by an independent public accountant at the close of each fiscal year, and distribute such audited financial statements to each Limited Partner within 120 days of the end of such fiscal year.

Each Partner will also receive quarterly estimated progress reports and certain other reports as PCI may deem appropriate. The estimated performance statistics represent the performance of the Partnership for the period indicated and do not necessarily represent the performance of any individual Partner's capital accounts.

**12. & 13.A. INVESTMENT OR BROKERAGE DISCRETION AND ADDITIONAL COMPENSATION**

PCI's standard procedure is using Schwab Institutional for both account custodian and as the broker to execute trades for managed accounts. The trading commissions are determined by Schwab per the standard commission rates that vary by factors including size of account. All securities are traded through Schwab Institutional. It is possible that a situation may arise where PCI would use a different custodian or a different broker to execute a trade, however the client would be consulted before doing so.

PCI is independently owned and operated and not affiliated with Schwab. Schwab provides PCI 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 PCI's clients' assets are maintained in accounts at Schwab Institutional, and are not otherwise contingent upon, adviser committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, 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 PCI's client accounts maintained in its custody, Schwab generally does not charge separately for

custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to PCI other products and services that benefit PCI but may not benefit its clients' accounts. Some of these other products and services assist PCI in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of PCI's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of PCI's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to PCI other services intended to help PCI manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to PCI by independent third parties. Schwab Institutional 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 PCI. While as a fiduciary, PCI endeavors to act in its clients' best interests, PCI's recommendation or requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to PCI of the availability of some of the foregoing products and services 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.

PCI generally does not take on clients who want to impose restrictions on the advisory agreement that are inconsistent with PCI's investment strategies and philosophies. PCI's investment strategy and philosophies for the accounts include the following parameters:

- PCI limits investments in client accounts to common and occasionally, preferred stocks. We do not invest in bonds or other alternative investment types. Until we can find what we believe to be a compelling investment opportunity, i.e., at an attractive price for a company's stock relative to my estimation of its intrinsic value, the client's money will remain in a money market account. PCI's goal is to find solid businesses that we can buy at attractive prices and hold over longer periods of time.
- The investment objective that PCI manages for is overall appreciation, including current income. However, over time we expect the majority of the gain will come from both realized and unrealized gains. In other words, while the account will realize income through dividends and interest income, the primary way the client's account will benefit is from appreciation, much of which may be unrealized and, therefore, not subject to capital gains tax.
- PCI's goal is to maximize return while minimizing risk. PCI's investment strategy



is not to spread funds into a diverse investment basket of stocks that might mimic an S&P index or some other measurement of the broad market average. PCI's strategy is to concentrate on investments in specific industries and companies that we strive to have both in depth knowledge and confidence in their future results. This focused investment approach may result in more volatility in client accounts in the short run, though we do not believe that this volatility will result in higher risk of permanent capital loss. Obviously, there are no guarantees. The PCI, Leonard family related accounts, and associate accounts all follow the same philosophy and strategies and invest in the same companies as the client accounts. Absent special requirements, PCI generally uses Schwab Institutional, a discount broker to execute transactions for client accounts. However, under some circumstances, PCI may cause clients to pay higher commissions considering a variety of factors including a request by the client to use a particular custodian/broker. In addition, PCI may enter into arrangements whereby securities broker-dealers executing transactions for clients provide the clients with services such as economic and market reviews, industry and company analysis, and evaluation and recommendations of securities transactions. Some of these services may not be used by or be useful to a client. However, PCI may find such services useful in connection with investment advice it may give to other clients or in transactions for its own account or the accounts of related persons. Since the value of the advice is intangible and incapable of precise determination, PCI and its related persons will not be required to pay or reimburse PCI clients for the related cost of obtaining such services.

PCI does not generally direct client transactions to any particular broker in return for product and research services. PCI enters into finder agreements with persons who are, or who are related to, securities broker-dealers and generally uses such broker-dealers for execution of transactions for clients recommended by them unless better execution (transaction costs and other services described above) can be obtained elsewhere.

With regard to investment advisory services provided to PACIFICA CAPITAL FUND, L.P., PCI has complete discretion regarding which securities to purchase, the amount of securities to purchase, which brokers to use, and the rate of commissions to be paid. PCI will effect securities transactions on behalf of the Partnership through brokerage firms in a manner consistent in most cases with the principles of best execution and price.

The Partnership is specifically authorized to enter into arrangements with securities broker-dealer and commodities firms pursuant to which Partnership securities transactions, commissions and/or fees are allocated to such firms in exchange for the respective firm providing or paying for products or services used by PCI and investment advisors retained by the Partnership, and other expenses of the Partnership, such investment advisors or PCI. Such "soft dollar" benefits offered by those firms may not be for the Partnership's direct or exclusive benefit or be obtained at the lowest available cost based on such factors as PCI or its designee deems relevant, including, among other things, referrals of prospective investors in the Partnership or other Partnerships or accounts advised or managed by

PCI, an investment advisor to the Partnership or any of their respective affiliates, their respective officers, directors, employees or agents, or a family member of any of the foregoing, research services, special execution capabilities, clearance, settlement, reputation, financial strength and stability, efficiency of execution and error resolution, quotation services and the availability of securities to borrow for short trades.

### **13B. CLIENT REFERRALS**

PCI has entered into client referral agreements and a wrap fee program (Guided Management Asset Program or "GMAP") with Wedbush Morgan Securities, Inc. ("WMS"), a securities broker-dealer. Additional client referral agreements have been entered into with Steven Samuels, who is associated with Samuels Chase & Co., Inc., a securities brokerdealer and who also uses Pershing; and Blake Isaacson and Andy Carpiac, both who use Schwab Institutional. PCI generally uses these brokers to execute transactions for the accounts of clients referred by them, or related persons, to PCI.

PCI charges the account of each client referred to it by WMS ("Referred Client Account") the Base Management Fee and the Performance Fee discussed above. From these fees, WMS is paid (i) a quarterly fee from each Referred Client Account in advance of every quarter, equal to Fifty Basis Points (0.50%) per annum, of the total value of the Referred Clients' Account on the last trading day of the previous quarter ("Quarterly Fee"), and (ii) an annual fee equal to Ten Percent (10%) of the excess of the annual performance by PCI over a high water mark which is the yield on a ten-year United States Treasury Note at par value as of the first day of each calendar year effective for the entirety of such year. In the event PCI's annual performance is lower than that of the annual performance of a ten-year United States Treasury Note at par value for the same period, the negative annual service fee is carried forward and factored into the calculation of the annual service fee for the following period, until such negative annual performance fee is depleted to zero ("Annual Fee"). WMS debits such Annual Fee at the end of the calendar year from the Referred Client Account. Unearned fees paid by Referred Client Accounts are refunded pro rata if, during a year, the account is terminated or capital is withdrawn from the account. WMS pays, directly or through fees collected from Clients, all transaction costs, including brokerage commissions, on those trades executed through WMS as the broker. Although PCI prefers an account minimum of \$500,000, accounts may be negotiated on a case-by-case basis.

PCI may, from time to time, compensate, either directly or indirectly any person (defined as a natural person or a company) for client referrals. PCI is aware of the special considerations promulgated under Rule 206(4)-3 under the Investment Advisers Act of 1940. As such, appropriate disclosure should be made, all written instruments will be maintained by PCI and all applicable Federal and/or State laws will be observed.

PCI pays to Mr. Samuels, Blake Isaacson and/or Andy Carpiac 50% of the Performance Fee and up to 40% of the Base Management Fee with respect to clients referred by each of them. However, Mr. Isaacson will receive 20% for institutional clients, The actual portion of the Base Management Fee paid to Mr. Samuels and/or Blake Isaacson is determined by agreement based upon expenses incurred by PCI in rendering services to its clients. See Item 1.D above.