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This brochure provides information about the qualifications and business practices of James Steven Welch dba Steven Welch, CPA ("Steven Welch, CPA"). If you have any questions about the contents of this brochure, please contact us at 541-474-6616 or [steve@stevenwelchcpa.com](mailto:steve@stevenwelchcpa.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about Steven Welch, CPA is also available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select "investment adviser firm" and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

We are a Registered Investment Advisor Firm. Our registration as a Registered Investment Advisor does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us. Please use this information as factors in your decision to hire us or to continue our business relationship.

## ITEM 2 – MATERIAL CHANGES

This brochure, dated March 28, 2012, has been prepared by Steven Welch, CPA to meet new SEC requirements. This section of the brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We may, at any time, update this brochure and then either send you a copy or offer to send you a copy (either by email or in hard copy form). At minimum, a new brochure will be offered within 120 days of the close of each fiscal year.

Since our 2011 annual offering, the following changes have been made:

- ADV Part 2 A brochure (this document) template has been renewed in concept; any content changes are listed below.
- Item 4.b, 5.b-d: Financial Planning Information was added.
- Item 4.e: Assets under management have been updated.
- 5.d.1: Termination verbiage has been added
- Item 19: These items have been added as Steven Welch, CPA is transitioning from an SEC registered Investment Advisor to a State registered Investment Advisor.

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## ITEM 4 – ADVISORY BUSINESS

### 4.A: FIRM DESCRIPTION

Steven Welch, CPA was established in March 1996 by James Steven Welch (“J. Steven Welch”) as a sole proprietorship. The firm’s main office is located in Grants Pass, Oregon.

#### 4.a.1: Principal Member

- J. Steven Welch: Mr. Welch may be contacted by email at [steve@stevenwelchcpa.com](mailto:steve@stevenwelchcpa.com) or by telephone at (541) 474-6616.

### 4.B: TYPES OF ADVISORY SERVICES

Steven Welch, CPA offers a variety of investment advisory services to our clients. We tailor our advice and services to your objectives, means and timelines. We will create a document that will precisely define the types of services we are providing, our role in providing those services to you and how we may carry out those services for you.

Client services may include:

- Portfolio Management
  - Through proper development of an investment policy statement; and
  - Continuous reviews and consultation with client.
- Financial Planning
  - Thorough definition of specific goals requested as decided by you and your advisor.

#### *Financial Planning*

Steven Welch, CPA financial planning is generally performed as part of our advisory services. It may include the preparation of a financial plan or recommendations for estate or tax planning, a provision of information and/or advice to a client regarding the purchase and/or sale of securities, real estate, insurance contracts, annuities contracts, or any types of real or personal property.

### 4.C: CLIENT TAILORED RELATIONSHIPS AND RESTRICTIONS

As a fiduciary, Steven Welch, CPA always acts solely in your best interests. Your portfolio is customized based on your investment objectives. You may make requests or make suggestions regarding the investments made in your portfolio. Restrictions on trading which, in our opinion, are not in your best interest cannot be honored.

Similarly, you are under no obligation to act upon Steven Welch, CPA's or associated person's recommendations. If you elect to act on any of the recommendations, you are under no obligation to effect the transaction through Steven Welch, CPA or its associated

person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

#### **4.D: WRAP FEE PROGRAM**

Steven Welch, CPA does not sponsor a wrap fee program.

#### **4.E: ASSETS UNDER MANAGEMENT (AUM)**

Steven Welch, CPA, as of January 1, 2012, has \$66,000,000 in discretionary reportable Assets under Management.

### **ITEM 5 – FEES AND COMPENSATION**

#### **5.A: FEE SCHEDULES**

Assets Under Management	Annual Fee (%)
Up to and including \$1,000,000	0.80%
\$1,000,001 and above	0.60%

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded.

The fee includes the time and activities necessary to work with your attorney and/or accountant in reaching agreement on solutions, as well as assisting them in implementation of all appropriate documents. We are not responsible for attorney or accountant fees charged to you as a result of the above activities.

Compensation for our services will be calculated in accordance with what is set in the client's agreement. We may modify the terms of any agreement with at least 30 days prior written notice.

#### *Financial Planning Fees*

Fees for financial planning services are based on a rate of \$200 per hour, due at time of service. We will also perform certain financial planning projects on a fixed fee basis.

All Investment Advisors are required to disclose to their clients that lower fees for comparable services may be available from other sources.

## **5.B: FEE PAYMENT OPTIONS**

### *Investment Management Fees*

Steven Welch, CPA fees are paid from your account by the custodian when we submit an invoice to them. The invoice we submit shows the amount of fees, the value of your assets on which the fees are based, and the specific manner in which the fees are calculated. If there is insufficient cash in your account, securities may be sold. In addition to our fees, there may be custodial, mutual fund or similar third party management fees and charges.

## **5.C: THIRD PARTY FEES**

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your account(s). We do not receive, directly or indirectly any of these fees charged to you. They are paid to your broker, custodian or the mutual fund or other investment you hold. The fees include but are not limited to:

- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
- Odd-Lot differentials;
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Among others that may be incurred.

All stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us. You bear the responsibility for verifying the accuracy of fee calculations.

## **5.D: FEE PAYMENTS**

### *Investment Management Fees*

Steven Welch, CPA fees are paid quarterly in arrears, with payment due within 10 days from the date of the invoice. Our fee is determined by taking the percentage rate we charge, divided by four, times the market value of the account at quarter end. The market value is the sum of the values of all assets in the account, adjusted by any margin debt. Fees for partial quarters at the commencement of our agreement will be billed on a pro-rated basis contingent on the number of days the account was open during the quarter.

### *Financial Planning Fees*

Fees for financial planning services are based on a rate of \$200 per hour, due at time of service. We will also perform certain financial planning projects on a fixed fee basis.

### **5.d.1: Termination**

Either Steven Welch, CPA or our clients can terminate our agreement upon receipt of written notice to the other party.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for account closure fees, mutual fund fees and all trading costs due to the termination. The custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

### **5.E: OTHER INVESTMENT COMPENSATION**

Steven Welch, CPA does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Steven Welch, CPA does not charge an additional advisory fee on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above.

## **ITEM 7 – TYPES OF CLIENTS**

Steven Welch, CPA generally provides asset management and financial planning services to the following types of clients:

- Individuals;
- High net worth individuals;
- Trusts, estates and charitable organizations; and
- Corporations or other business entities.

### *Minimum Account Size*

Steven Welch, CPA does not have an account minimum. However, we may decline to accept clients with smaller portfolios.

## **ITEM 8 – METHODS OF ANALYSIS, STRATEGIES AND RISK OF LOSS**

### **8.A: ANALYSIS**

Steven Welch, CPA uses multiple sources of information to obtain analysis and strategies. They include sources such as financial newspapers, financial magazines, research prepared by others, prospectuses and annual reports and filings with the SEC.

## **8.B: INVESTMENT STRATEGIES**

Steven Welch, CPA utilizes multiple investment strategies to meet your investment objectives. These methodologies are formulated based on a comprehensive review and assessment of your expectations, investment time horizon, risk tolerance level, present investment allocation, and current and projected financial requirements.

Ultimately, each strategy must maximize return within reasonable and prudent levels of risk. Also, the approach taken must provide exposure to a wide range of investment opportunities in various markets while limiting risk exposure through prudent diversification. Finally, the costs of administering and managing the investments related to the strategy cannot be excessive.

## **8.C: RISK OF LOSS**

All investments include a risk of loss. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We use our best efforts and expertise to manage your assets. However, we cannot guarantee any level of performance or that you will not experience financial loss.

Steven Welch, CPA will use our best judgment and good faith efforts in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that investment decisions made for this account are subject to various market, currency, economic, political and business risks. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by Steven Welch, CPA with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions; or (c) any act or failure to act by a custodian of your account. Nothing in this document shall relieve us from any responsibility or liability we may have under state or federal statutes.

## **ITEM 9 – DISCIPLINARY INFORMATION**

### **9.A: CIVIL OR CRIMINAL ACTIONS**

Steven Welch, CPA and its managers have never been found guilty, convicted or plead no contest to a criminal or civil action in a domestic, foreign or military court.



## **9.B: ADMINISTRATIVE ENFORCEMENT PROCEEDINGS**

Steven Welch, CPA and its managers have never been found by the SEC, any other state or federal agency or any foreign regulatory agency to have caused loss of the ability of an investment-related business to do business or been sanctioned, barred or limited in investment-related activities.

## **9.C: SELF-REGULATORY ORGANIZATION ENFORCEMENT PROCEEDINGS**

Steven Welch, CPA and its managers have never been found by a self-regulatory agency to have caused loss of the ability of an investment-related business to do business. Additionally, Steven Welch, CPA and its managers have never been found in violation of self-regulatory agencies rules such that they were barred, suspended, limited in advisory functions or fined.

# **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

## **10.A: BROKER DEALERS AND REGISTERED REPRESENTATIVES**

Steven Welch, CPA is not registered as a broker-dealer and our employees are not registered representatives of any broker-dealer.

## **10.B: REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR, OR A COMMODITY TRADING ADVISOR**

Neither Steven Welch, CPA nor our employees hold any of the above registrations.

## **10.C: REGISTRATION RELATIONSHIPS MATERIAL TO THIS ADVISORY BUSINESS AND POSSIBLE CONFLICTS OF INTERESTS**

Neither Steven Welch, CPA nor our employees have any relationships or possible conflicts of interest as it relates to this advisory business.

## **10.D: SELECTION OF OTHER ADVISORS OR MANAGERS AND HOW THIS ADVISOR IS COMPENSATED FOR THOSE SELECTIONS**

Steven Welch, CPA does not select other advisors.

# **ITEM 11 – CODE OF ETHICS**

## **11.A: CODE OF ETHICS DESCRIPTION**

Steven Welch, CPA has adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you and to stress the importance of a culture of compliance within our firm.

An additional benefit of our Code of Ethics is to detect and prevent violations of securities laws, including our obligations we owe to you.

Steven Welch, CPA's Code of Ethics is comprehensive, is distributed to each employee at the time of hire, and annually thereafter (if there are changes). We also supplement the Code of Ethics with annual training and on-going monitoring of employee activity. A complete copy of our Code of Ethics will be supplied to you, free of charge, if you request it.

Steven Welch, CPA's Code of Ethics includes the following:

- Requirements related to the confidentiality of your personal, business and financial information
- Prohibitions on insider trading (if we are in possession of material, non-public information)
- Reporting of gifts and business entertainment
- Pre-clearance of employee and firm transactions
- Reporting (on an on-going and quarterly basis) all personal securities transactions (what we call "reportable securities" as mandated by regulation)
- On an annual basis, we require all employees to re-certify to our Code of Ethics, identify members of their household and any account to which they have a beneficial ownership (they "own" the account or have "authority" over the account), securities held in certificate form and all securities they own at that time.

#### **11.B, C & D: PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Steven Welch, CPA, or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients' accounts before we buy or sell from our accounts. In some cases Steven Welch, CPA, or its employees, may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client.

Steven Welch, CPA will always maintain full disclosure with our clients so that you can make informed decisions. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

For California Residents: Steven Welch, CPA adheres to the California Code of Regulations, Title 10 Section 260.238 (k), (1), (2) and (o) which prohibits investment advisers from:

(k) Failing to disclose to a client in writing before entering into or renewing an advisory agreement with that client any material conflict of interest relating to the adviser, its representatives or any requires that of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice including:

- (1) Compensation arrangements connected with advisory services to clients which are in addition to compensation from such clients for such services; and
  - (2) Charging a client an advisory fee for rendering advice without disclosing that a commission for executing securities transactions pursuant to such advice will be received by the adviser, its representatives or its employees, or that such advisory fee is being reduced by the amount of the commission earned by the adviser, its representatives or employees for the sale of securities to the client.
- (o) Making any untrue statement of a material fact or omitting a statement of material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in the solicitation of advisory clients.

## **ITEM 12 – BROKERAGE PRACTICES**

### **12.A: SELECTING BROKERAGE FIRMS**

As part of our services, Steven Welch, CPA will recommend a broker-dealer. We have selected our broker-dealer based on price, reliability, speed of processing, tools and “best execution” in addition to other considerations. And while you are not required to effect transactions through any broker-dealer recommended by us, we feel we have made our selections based on a totality of benefits they offer.

Steven Welch, CPA may purchase software, tools, training programs or seminar services from our broker-dealer. Additionally, broker-dealers may provide services, tools or other non-financial benefits to us as a benefit for using the broker-dealer’s services. However, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of the types of benefits discussed above can create a potential conflict of interest by influencing our choice of a broker-dealer.

To avoid creating a possible conflict of interest in recommending broker-dealers, we have established the following restrictions in order to ensure its fiduciary responsibilities:

1. Steven Welch, CPA adheres to our Code of Ethics as outlined in Item 11 above.
2. Steven Welch, CPA emphasizes the unrestricted right of you to select and choose your own broker or dealer.
3. Steven Welch, CPA will always act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

### **12.B: SALES AGGREGATION**

Steven Welch, CPA is authorized to aggregate purchases and sales and other transactions made for your account with purchases and sales and other transactions in the same or similar securities or instruments for other clients of ours. When we aggregate transactions, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price obtained. Stock

exchange regulations may in certain instances prevent the executing broker-dealer from delivering to the account a confirmation slip with respect to its participation in the aggregated transaction and, in such event, we will advise you in writing of any purchase or disposition of instruments for the account with respect to any such aggregated transaction. We will direct that confirmations of any transactions effected for the account will be sent, in conformity with applicable law, to you.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **13.A: PERIODIC REVIEWS**

Accounts are reviewed by J. Steven Welch or qualified staff members. All reviews are either conducted or supervised by J. Steven Welch. The frequency of reviews is determined based on your investment objectives, but no less than annually.

Financial planning clients receive their financial plans and recommendations at the time the service is completed.

### **13.B: REVIEW TRIGGERS**

The frequencies of reviews are determined based on the client's investment objectives. More frequent reviews may also be triggered by a change in client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate.

### **13.C: REGULAR REPORTS**

All investment advisory clients receive quarterly reports on representative investments recommended specifically by Steven Welch, CPA. Investment advisory clients also receive standard account statements from the custodian of their accounts on a monthly basis. We encourage you to compare reports for accuracy.

Financial planning clients do not normally receive investment reports.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **14.A: ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS**

Steven Welch, CPA does not receive economic benefits from third parties for the advice we render to our clients.

### **14.B: COMPENSATION TO NON-ADVISORY PERSONNEL FOR CLIENT REFERRALS**

Steven Welch does not directly or indirectly compensate any person for client referrals.

## ITEM 15 – CUSTODY

Steven Welch, CPA clients' accounts are held by Charles Schwab and Co., Inc. and Steven Welch, CPA shall have no liability to the client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. The client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer. Custodial statements will include fees charged by Steven Welch, CPA. We strongly urge you to review the investment advisory fees contained in the custodial statement for accuracy.

## ITEM 16 – INVESTMENT DISCRETION

Steven Welch, CPA generally asks our clients to give us discretionary authority to execute transactions without our client's prior approval. These transactions may include the purchase and selling of securities, arranging for payments or generally acting on behalf of our clients in most matters necessary to the handling of the account.

In certain circumstances, we will request non-discretionary authority over our clients' accounts. Non-discretionary authority requires us to obtain your prior approval of each specific transaction prior to executing investment recommendations.

## ITEM 17 – VOTING CLIENT SECURITIES

The clients of Steven Welch, CPA retain the authority to proxy vote and will continue to do so until we otherwise may agree in writing. You should ensure that proxy ballots are mailed directly to you by selecting this option on your custodial application forms. You are welcome to delegate said proxy voting authority to a third-party representative (non-advisory personnel) by filing the appropriate custodial form.

## ITEM 18 – FINANCIAL INFORMATION

### 18.A: BALANCE SHEET

Steven Welch, CPA does not solicit prepayment of more than \$500 in fees per client six (6) months in advance and is not required to submit a balance sheet.

### 18.B: FINANCIAL CONDITIONS

Steven Welch, CPA has no financial issues that could impair our ability to carry out our fiduciary duty to our clients.



### **18.C: BANKRUPTCY PETITION**

Steven Welch, CPA has never been the subject of a bankruptcy petition.

## **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

### **19.A: PRINCIPAL EXECUTIVE OFFICERS AND MANAGEMENT PERSONS; THEIR FORMAL EDUCATION AND BUSINESS BACKGROUND**

Steven Welch CPA's executive officer is J. Steven Welch. J. Steven Welch's education and business background can be found on the Supplemental ADV Part 2 B form.

### **19.B: OTHER BUSINESSES IN WHICH THIS ADVISORY FIRM OR ITS PERSONNEL ARE ENGAGED AND TIME SPENT ON THOSE**

All other business activities can be found on the supplemental ADV Part 2 B brochures.

### **19.C: HOW PERFORMANCE BASED FEES ARE CALCULATED AND DEGREE OF RISK TO CLIENTS**

As stated above, Steven Welch, CPA 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.

### **19.D: MATERIAL DISCIPLINARY DISCLOSURES FOR MANAGEMENT PERSONS OF THIS FIRM**

Other than disclosures made in Item 9 above, neither Steven Welch, CPA nor our employees have been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding.

### **19.E: MATERIAL RELATIONSHIPS MANAGEMENT PERSONS HAVE WITH ISSUERS OF SECURITIES**

Neither Steven Welch, CPA nor our employees has any relevant material relationships with issuers of securities.