



INVESTMENT MANAGEMENT ■ FINANCIAL PLANNING ■ TAX PREPARATION AND PLANNING

Rawdin-Baron Financial, Inc.  
4747 Morena Boulevard, Suite 102  
San Diego, CA 92117-3466

Phone: (858) 483-7500  
Email: [info@r-bfinancial.com](mailto:info@r-bfinancial.com)  
Website: [www.r-bfinancial.com](http://www.r-bfinancial.com)

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**Form ADV Part II A  
Brochure Cover Page**

This brochure provides information about the qualifications and business practices of Rawdin-Baron Financial, Inc. Rawdin-Baron Financial, Inc. is a [Registered Investment Adviser](#). [Registration does not imply a certain level of skill or training.](#)

If you have questions about the contents of this brochure, please call Rawdin-Baron Financial, Inc. at (858) 483-7500 or e-mail us at [info@r-bfinancial.com](mailto:info@r-bfinancial.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.

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Additional information about Rawdin-Baron Financial, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes for Part 2A

### Rawdin-Baron Financial, Inc.

This Item will discuss only specific material changes that are made to the Brochure and provide Clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

The date of the last annual amendment to this Brochure is May 7, 2012.

In the past we have offered or delivered information about our qualifications and business practices to Clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Bruce Rawdin-Baron, President at (858) 483-7500 or [brawdinaron@r-bfinancial.com](mailto:brawdinaron@r-bfinancial.com). Our Brochure is also available on our web site <http://www.r-bfinancial.com> and is also free of charge.

Additional information about Rawdin-Baron Financial, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Rawdin-Baron Financial, Inc. who are registered, or are required to be registered, as investment adviser representatives of Rawdin-Baron Financial, Inc.

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Material Changes as of May 7, 2012

Rawdin-Baron Financial, Inc. is no longer eligible to remain registered with the SEC and is currently converting from SEC to State registration.

Item 4

- Added ownership disclosure of Steven Pollock.
- Added disclosure of the \$30,000 account minimum.
- Added the following disclosures:

*With respect to the advisory services offered by RBF, the following information is provided:*

- *A conflict exists between RBF's interest and a client's interest.*

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- *A client is under no obligation to act upon RBFi's recommendations.*
- *A client is under not obligation to effect transactions through RBFi or its Advisory Representatives.*

*All material conflicts of interest have been disclosed to the best of our knowledge in this Brochure regarding RBFi and its advisory representatives or any of its employees which could be reasonably expected to impair the rendering of unbiased and objective advice.*

*RBFi does not participate or offer a wrap program. As described under Item 5 below, clients will pay RBFi an advisory fee and will pay applicable transaction fees related to securities transactions conducted in the managed account.*

### Item 5

Added the following disclosure under Asset Under Management

- *Additional assets received into the Account during any billing period will not be charged a fee until the start of the next quarterly billing cycle.*
- *A fee credit is issued upon the termination of the RBFi Advisory Agreement. Fee credits will be calculated proportionately based upon the number of days remaining in a 90 day quarter and based on the market value of the Account as of the close of business on the termination day and shall be withdrawn from the assets in the Account automatically. Assets withdrawn from the Account during any billing period will not receive a fee credit.*

<u>Portfolio Value (in 000s)</u>	<u>Effective (b)</u>
\$ 0 - \$ 249,999	2.50%
\$ 250,000 - \$ 499,999	2.25%
\$ 500,000 - \$ 999,999	2.00%
\$1,000,000 - \$1,999,999	1.75%
\$2,000,000 - above	1.50%

*Advisory Fees are determined by the above fixed tier for each Account and based on the individual Account value. Fees are negotiable and RBFi may offer a reduce management fee at its own discretion. Most of the time, this may be determined by aggregating multiple managed accounts that are related to the Client.*

Added the following disclosures under Hourly Charges

- *Fees are due and payable upon satisfaction of the Financial Planning Engagement Agreement.*
- *The Client has the option to purchase investment products recommended by Rawdin-Baron Financial, Inc. through other brokers or agents.*
- *Clients may terminate services at any time upon written notice.*

Disclosures added under Additional Disclosures

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*Investment Adviser Representatives (IARs) of Rawdin-Baron Financial, Inc. are also Registered Representatives (RRs) of 1st Global Capital Corp. Financial Planning recommendations may be implemented through RBF, 1<sup>st</sup> Global Advisors, 1st Capital Corp., or all three.*

*When a Non-Advisory transaction is implemented by a 1st Global Capital Corp. RR on behalf of the Client, The RR may receive commissions from the sale of investment products, including the sale of mutual funds. Mutual funds assess charges and fees at the fund level, including fees for investment management services and 12b-1 fees that are permitted under Section 12b-1 of the Securities Exchange Act. These charges principally cover advertising, promotion, and shareholder servicing expenses incurred by the fund. The amount of additional compensation paid by mutual funds in the form of 12b-1 fees can differ between funds and some funds pay no 12b-1 fees at all. RRs can receive all or a portion of these 12b-1 fees. In the context of providing investment services in a commission based setting, the presence of these 12b-1 fees may present a potential conflict of interest because it may provide the RR with an incentive to recommend the investment products which include such fees.*

*RBF and its advisory representatives do not receive commissions on securities transactions conducted in a client's managed account. Instead, they receive advisory fees based on the assets under management in the account. RBF's IARs may receive 12b-1 fees that are permitted under Section 12b-1 of the Securities Exchange Act. RBF's IARs can receive all or a portion of these 12b-1 fees. In the context of providing investment services in an advisory based setting, the presence of these 12b-1 fees may present a potential conflict of interest because it may provide the IARs with an incentive to recommend the investment products which include such fees.*

*Client has the option to purchase investment products recommended by IARs through other brokers or agents that are not affiliated with RBF.*

*Load-waived mutual funds will be chosen for any of RBF's managed account platforms rather than the same mutual fund with a sales charge. This gives RBF and the IARs the right to determine commission rates paid (zero %) without Client's specific consent. In addition, trails or service fees may be paid on some load-waived mutual funds and not on no-load funds, both of which may be used within RBF's managed account platforms.*

*Lower fees for comparable services offered by RBF may be available from other sources. The receipt of commissions for the sale of securities, insurance and real estate products and/or 12b-1 fees is a conflict of interest and give RBF and its advisory representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. RBF will attempt to mitigate conflicts of interest by:*

- *Informing you of conflict of interest in this Disclosure Brochure.*

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- *Maintaining and abiding by our Code of Ethics which requires us to place your interest first and foremost.*
- *Routine review of transactions*
- *Advising you of the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.*
- *Recognizing and advising you RBFi is a fiduciary and has an obligation to conduct its business in the best interest of its clients and not in RBFi's interest.*

Item 7 disclosures added:

*RBFi generally provide advisory services to individuals (other than high-net-worth individuals), high-net-worth individuals, and pension and profit sharing plans.*

*RBFi generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services. RBFi will generally require you to deposit a minimum of \$30,000 (cash or securities). However, under certain circumstances, RBFi may waive the minimum account size requirement and accept accounts less than \$300,000. Such circumstances may include but not be limited to additional assets will soon be deposited or you have other accounts under management with RBFi. You are advised performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market may affect smaller accounts more and the effects of compounding may be greater in larger accounts.*

Item 8 disclosures added:

*Rawdin-Baron Financial investment philosophy is based on the principle of diversification and asset allocation.*

*Diversification is designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to generate correlated returns at the same time. This philosophy is based on Nobel Prize winning concepts known collectively as Modern Portfolio Theory.*

*Simply stated, modern portfolio theory teaches that long-term investment strategy should not focus on short-term results and should not necessarily avoid "risky" investments. In fact, modern portfolio theory states that no investments are "always" imprudent. Rather, research demonstrates that investment returns correlate strongly with risk and that it is only by accepting "risk" into the portfolio and satisfactorily diversifying the portfolio of investments that can truly grow, preserve, and protect against taxes and inflation in a portfolio. Because risk and return are linked, the main task is not to avoid risk but to manage it prudently; in other words, to define risk and return objectives reasonably suited to the account and to evaluate and make decisions respecting asset classes and individual securities in the context of the portfolio as a whole.*

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*In 1952, Nobel Laureate Dr. Harry Markowitz took the practice of investing to an entirely new level by developing a process that enabled investors to optimize the benefits of diversification. That process is known today as strategic asset allocation. Dr. Markowitz's work has served as the bedrock for smart investing for almost six decades and continues to do so today.*

*Asset allocation takes the idea of diversification one step further by combining multiple asset classes so that no one asset class will have a significant adverse impact on your overall portfolio. The combination of different asset classes allows investors to construct efficient portfolios that provide the highest amount of expected return for a given level of expected risk.*

*RBF1 structures a Client's portfolio by taking into account the Client's investment objectives and feelings about the balance between risk and return. Asset classes and their relative weighting are matched to a model, that are that through our research, have displayed similar risk-return characteristics. Investments are then selected to match the criteria of a specific asset class. From time to time, market conditions may dictate adjustments to the relative weightings among asset classes.*

Added disclosures under Item 7 about risks:

*Investment portfolios, programs, models, asset allocations, or strategies entail the risk of loss; and values and returns will fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past, and there will likely be periods of loss in the future.*

*RBF1 and our IARs emphasize that investment returns, particularly over shorter time periods, are highly dependent on trends in the various investment markets. RBF1's investment management services are suitable for long-term investment objectives or strategies, rather than for a short-term objective or for trading or market timing purposes.*

*Neither diversification nor asset allocation assure a profit or protect a Client's investment portfolio against a loss, and there is no guarantee that a Client's investment objectives will be achieved.*

*RBF1's programs, portfolios, models, asset allocations and strategies are not FDIC insured and the investments in them may lose value.*

*All investment programs have certain risks that the Client must bear. RBF1's investment approach regularly keeps the risk of loss in mind. Clients face investment risks including:*

*Interest rate risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.*

*Market risk: The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external*

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*factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.*

*Inflation risk: The risk is that the rate of inflation will exceed the rate of return on an investment.*

*Currency risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.*

*Reinvestment risk: This is the risk that future proceeds from investments may have to be reinvested at potentially lower rates of return (i.e. interest rate). This is primarily to fixed income securities.*

*Business risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They generally carry a higher risk of profitability than an electric company, which may generate much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.*

*Liquidity risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders or investors are frequently buying or selling that type of asset. For example, Treasury bills are highly liquid, while real estate properties are not.*

*Financial risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in cash crises, bankruptcy and/or declining market value.*

*Credit Risk: Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.*

*Risks of investing outside the U.S.: Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent. Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of*



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*dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.*

*There are risks inherent in all financial decisions and transactions. There is no guarantee that a Client's investment objectives will be achieved.*

*Neither RBFi nor RBFi's IARs make any promises, representations, warranties or guarantees that any of RBFi's services to be rendered will result in a profit to Client. RBFi does not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy that RBFi or IARs may use or the success of our overall management.*

*Investment decisions that Clients make or that RBFi makes for Clients are subject to various market, currency, economic, political and business risks. RBFi's and Client investment decisions will not always be profitable.*

*RBFi and its IARs will not be liable for any loss incurred with respect to Client accounts, except where such loss directly results from such party's negligence or malfeasance. Nothing in this section is intended to be a waiver of any right of action Clients may have under applicable securities laws or your rights in the event RBFi or any of RBFi's IARs breach any fiduciary duty owed to Client.*

Item 10 – Added disclosure for insurance sales and real estate services.

Item 12 – Added the following disclosures

*RBFi is not affiliated with or related to 1st Global Capital Corp. or 1st Global Advisors, Inc.*

*RBFi attempts to mitigate the conflicts of interest with the potential receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as registered representatives with 1st Global Capital Corp., Advisory Representatives are subject to a supervisory structure at 1st Global Capital Corp. for their securities business.*

*RBFi will make sure that before selecting other advisers the other advisers are properly licensed or registered as an investment adviser.*

Item 11 – Added code of ethics disclosure.

Item 12 – Added the following disclosures:

*As previously stated, Advisory Representatives are registered representatives of 1st Global Capital Corp. As a result they are subject to FINRA Conduct Rule 3040 which may restrict them*



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*from conducting securities transactions away from 1st Global Capital Corp. unless 1st Global Capital Corp. provides them with written authorization. RBF1 is independently owned and operated and not affiliated with 1st Global Capital Corp.*

*Not all investment advisory firms require their Clients to direct brokerage through a specified broker-dealer. However, the services provided by RBF1 will be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from RBF1.*

*In initially selecting 1st Global Capital Corp., RBF1 conducted due diligence. RBF1's evaluation and criteria includes:*

- *Ability to service you*
- *Staying power as a company*
- *Industry reputation*
- *Ability to report to you and to RBF1*
- *Availability of an efficient trading platform*
- *Products and services available*
- *Technology resources*
- *Educational resources*
- *Execution capability*
- *Financial responsibility and viability*
- *Confidentiality and security of your information*
- *Responsiveness*
- *Other factors that may bear on the overall evaluation of best price and execution*

*1st Global Capital Corp. has a wide range of approved securities products for which 1st Global Capital Corp. performs due diligence prior to selection. 1st Global Capital Corp.'s registered representatives are required to adhere to these products when implementing securities transactions through 1st Global Capital Corp. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. 1st Global Capital Corp. also provides Advisory Representatives, and therefore the RBF1 with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and RBF1 manage and further develop its business enterprise.*

*1st Global Capital Corp. and its clearing broker/dealer, National Financial Services, LLC (NFS) also make available to RBF1 other products and services that benefit RBF1 but may not directly benefit you. Some of these other products and services assist RBF1 with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of*

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*RBF1's fees from your 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 RBF1 's accounts, including accounts not held through 1st Global Capital Corp.*

Item 13 – Added disclosure for review of accounts.

Item 18 – Added the following disclosure.

*RBF1 will not require you to prepay more than \$500 and six or more months in advance of receiving the advisory service.*

Added Item 19 and disclosure.

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## **Item 4 - Advisory Business**

Rawdin-Baron Financial, Inc. (RBF), is a California Corporation and is registered as an investment adviser.

Incorporated in January 2000, RBF is an investment advisory firm with an office in San Diego, California. RBF manages or holds an estimated \$45 million in assets. Prior to 2000, Bruce E. Rawdin-Baron practiced as a sole proprietor, having initially commenced business operations in 1983. Bruce E. Rawdin-Baron and Steven W. Pollock are the principal shareholders owning fifty-one thousand shares and forty-nine thousand shares respectively.

RBF provides Clients with discretionary and non-discretionary investment advisory and management services based upon a Client's current investment objectives and risk tolerance. Our core services generally include portfolio construction, asset management, monitoring, financial planning and tax services. Our headquarters and principal place of business is located at 4747 Morena Blvd., Suite 102, San Diego, California 92117.

### **INVESTMENT SUPERVISORY SERVICES**

Rawdin-Baron Financial, Inc. offers investment management services on a fee-based discretionary advisory basis through their Managed Account Platform. The Managed Account Platform provides for portfolio construction, asset management, and ongoing monitoring. These services constitute an ongoing process by which, the Client's investment objectives, constraints and preferences are identified and specified; strategies are developed and implemented through combinations of financial assets; capital market conditions and Client circumstances are monitored; and portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above relevant variables.

The construction of the portfolio starts by the Client completing a comprehensive Risk Profile Questionnaire form. This Risk Profile Questionnaire describes the Client's financial situation, investment objectives, time horizon, risk tolerance and investment preferences. RBF's Investment Advisor Representatives (IARs) will assist Client in interpreting the Risk Profile Questionnaire to determine the appropriate portfolio type.

The currently available RBF portfolio types are designated as Ultra-Conservative, Conservative, Moderate, Growth, or Aggressive Growth. These portfolios are implemented into listed securities, which consist of, but are not limited to, money market funds, mutual funds,

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institutional mutual funds, stocks, bonds, unit investment trusts, Exchange Traded Funds and certificates of deposit and may be either a cash or margin account.

Rawdin-Baron Financial, Inc. offers access to hedge funds and a structured product in the form of a principal protected note or principal-protected CD. The inclusion of hedge funds and/or structured products in a Client's portfolio is determined by the Client's suitability, portfolio size, the level of sophistication and other factors. The Client may impose restrictions on investing in certain securities or types of securities. The Client must provide written instructions to RBFi detailing the restrictions and it is at the full discretion of RBFi to allow for the accommodation of such restrictions.

RBFi monitors market conditions and the performance of a Client's portfolio. RBFi's IARs may change the type of portfolio assigned to a Client if the Client's objectives or risk tolerance changes. The Client is responsible to promptly notify the IARs or RBFi of any material changes to the information furnished by the Client in the Risk Profile, or information that is otherwise material to Client's financial situation, investment objectives, time horizon, risk tolerance and investment strategy.

The RBFi provides Clients comprehensive portfolio performance reports at the end of each calendar quarter, commencing with the first full calendar quarter after the Client has been initially invested.

The minimum suggested initial investment in the RBFi Managed Account Platform is \$30,000. RBFi may choose to waive the account minimum at our sole discretion dictates. The most common reason RBFi waives these minimums is when other accounts owned by Clients exceed this minimum investment amount.

As of January 1, 2012, the Managed Account Platform manages assets on a discretionary basis of \$44,900,000 and on a non-discretionary basis of \$0.00.

## **FINANCIAL PLANNING**

Rawdin-Baron Financial, Inc. and its IARs offers financial planning services. If financial planning services are provided, the IARs will gather financial information from the Client including but not limited to retirement goals, financial goals, objectives, and investment horizon, in order to assist the Client to develop an understanding of their financial needs, cash flow analysis, cost of living needs, education needs, savings tendencies and other applicable financial information. Based upon a Client's needs, the IARs will prepare a written financial plan that may be comprehensive or modular in nature or modular, as dictated by the Client's needs.

Financial plans are based on the Client's financial situation at the time the plans are prepared and are based on financial information disclosed by the Client to RBFi. Clients are advised that

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certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance and RBFi or RBFi's IARs cannot offer any guarantees or promises that Client's financial goals and objectives will be met. Further, the Client must continue to review any plan on a regular basis and update the plan based upon changes in the Client's financial situation, goals or objectives or relevant economic factors. Should the Client's financial situation, goals, objectives or needs change, the Client is responsible for notifying RBFi in a timely manner of the changes. Although financial planning may be provided at no direct cost to the Client, RBFi may earn advisory fees and RBFi's IAR may earn commissions when the Client chooses to implement some or all of the plan recommendations. A conflict exists between the interest of RBFi and the client when implemented through RBFi and 1<sup>st</sup> Global Capital Corp.

The Client may elect at their sole discretion, whether to implement some of or the entire plan recommendations through RBFi, 1st Global Capital Corp., 1st Global Advisors, or any other broker/dealers or money managers the Client may choose.

With respect to the advisory services offered by RBFi, the following information is provided:

- A conflict exists between RBFi's interest and a client's interest.
- A client is under no obligation to act upon RBFi's recommendations.
- A client is under not obligation to effect transactions through RBFi or its Advisory Representatives.

All material conflicts of interest have been disclosed to the best of our knowledge in this Brochure regarding RBFi and its advisory representatives or any of its employees which could be reasonably expected to impair the rendering of unbiased and objective advice.

RBFi does not participate or offer a wrap program. As described under Item 5 below, clients will pay RBFi an advisory fee and will pay applicable transaction fees related to securities transactions conducted in the managed account.

### Item 5 - Fees and Compensation

Rawdin-Baron Financial, Inc. earns asset management fees based on a percentage of assets under management. Hourly rates may be charged for financial and tax planning and tax preparation services. RBFi may also receive additional compensation through the implementation of financial planning recommendations.

#### PERCENTAGE OF ASSETS UNDER MANAGEMENT

The fee for Client's Account under the Managed Account Platform is based upon the market value of the assets in the Account determined as of the close of business on the last business

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day of the calendar quarter. Securities in Client's Account are valued daily based on the closing price as reported by Custodian for the purposes of calculating the market value of the assets in the Account that are subject to the fee. The fee for each quarter is payable in advance and will be calculated by multiplying the billing rate by the Account value and dividing that amount by four.

The initial fee will be calculated proportionately based upon the number of days remaining in a 90 day quarter and based on the market value of the Account as of the close of business on the day the assets are transferred into the Client's Account and shall be withdrawn from the assets in the Account automatically. Additional assets received into the Account during any billing period will not be charged a fee until the start of the next quarterly billing cycle.

A fee credit is issued upon the termination of the RBF Advisory Agreement. Fee credits will be calculated proportionately based upon the number of days remaining in a 90 day quarter and based on the market value of the Account as of the close of business on the termination day and shall be withdrawn from the assets in the Account automatically. Assets withdrawn from the Account during any billing period will not receive a fee credit.

Unless the Client has elected to pay fees by other means (described at the end of this section, if applicable), the RBF is authorized to withdraw the amounts of such fees from the assets in the Account on or after the first business day of each quarter following the delivery of its invoice to the Client. In any event in which fees are due and payable but there are insufficient funds available in the Account to cover such fees, and the Account is a cash account, RBF is authorized to withdraw the amount of such fees, liquidating assets if necessary, from Account being managed by RBF. For margin accounts with a current margin debit balance, RBF is authorized to increase this margin debit balance by withdrawing the fees described in this section. For margin accounts without a current margin debit balance, RBF is authorized to withdraw the amount of such fees, liquidating assets if necessary, from Account being managed by RBF.

If the Client has chosen to pay fees by other means, fees will be payable each quarter within 30 days of delivery of an invoice. If RBF does not receive payment of fees by the 45th day after the date of the invoice, the Client has authorized RBF to withdraw the amounts of such fees, liquidating assets if necessary, from Account being managed by RBF.

Registered representatives of 1st Global Capital Corp who are RBF's IARs may also receive 12b-1 distribution fees, which usually will not exceed .50% of the aggregate amount under management.

Investment Advisory Fees do not include "expense ratios" of packaged investment products such as Mutual Funds or Exchange Traded Funds. Specific information on the expense ratios of any Mutual Funds or Exchange Traded Funds may be found in their respective prospectuses.



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RBFI reserves the right to revise its advisory fee upon 30 days written notice, prior to the quarter in which the change would become effective.

Advisory Fees are generally based on the following FEE SCHEDULE:

### FEE SCHEDULE

<u>Portfolio Value (in 000s)</u>	<u>Effective (b)</u>
\$ 0 - \$ 249,999	2.50%
\$ 250,000 - \$ 499,999	2.25%
\$ 500,000 - \$ 999,999	2.00%
\$1,000,000 - \$1,999,999	1.75%
\$2,000,000 - above	1.50%

Advisory Fees are determined by the above fixed tier for each Account and based on the individual Account value. Fees are negotiable and RBFI may offer a reduce management fee at its own discretion. Most of the time, this may be determined by aggregating multiple managed accounts that are related to the Client.

Transaction costs are not commissions; they are clearing costs charged by the designated clearing firm on the Account and are subject to change at any time. RBFI may elect at its option to bear the cost of transactions under certain circumstances.

RBFI will use a custodian for the efficient execution of trades for Client's portfolio. The Client bears transaction costs on equity and ETF transactions which generally do not exceed \$15.00 per trade. The Client bears transaction costs of \$15.00 on the vast majority of mutual fund trades; however, trades in some fund families may incur additional charges that generally do not exceed \$10.00, or a total of \$25.00 per transaction. The Client bears transaction costs on bond transactions which generally do not exceed \$39.50 per trade and UIT transactions that generally do not exceed \$35.00 per trade. Client shall bear transaction costs on foreign equity transactions which generally do not exceed \$90.00 per trade.

### HOURLY CHARGES

Rawdin-Baron Financial, Inc. is compensated for providing Financial Planning Services to Clients based on hourly charges of \$180-\$250 per hour. In most instances Rawdin-Baron Financial, Inc. will negotiate a set maximum fee for the Financial Planning Services to be rendered to the Client. Fees are due and payable upon satisfaction of the Financial Planning Engagement Agreement.

At all times it is solely the Client's choice whether implementation of all (or a portion) of the recommendations in the plan are done through Rawdin-Baron Financial, Inc., 1st Global Capital

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Corp., 1st Global Advisors, or other broker/dealers or money managers chosen by the Client that are not affiliated with Rawdin-Baron Financial, Inc. The Client has the option to purchase investment products recommended by Rawdin-Baron Financial, Inc. through other brokers or agents.

RBFI may provide income tax planning and preparation services to both Advisory and non-Advisory Clients. Fees charged for income tax planning and preparation services are in addition to any Advisory Fees charged for RBFI-MAP account services. Fees for income tax planning and preparation are charged at both hourly rates of between \$180 and \$250 per hour and by schedule. RBFI may, at its discretion, discount income tax preparation fees.

Adviser may, at Adviser's sole discretion, waive some or all charges for Adviser's Financial Planning and Tax Preparation Services.

RBFI may, at its sole discretion, waive some or all charges for RBFI's Financial Planning and Tax Preparation Services.

Clients may terminate services at any time upon written notice.

### **ADDITIONAL COMPENSATION**

Investment Adviser Representatives (IARs) of Rawdin-Baron Financial, Inc. are also Registered Representatives (RRs) of 1st Global Capital Corp. Financial Planning recommendations may be implemented through RBFI, 1<sup>st</sup> Global Advisors, 1st Capital Corp., or all three.

When a Non-Advisory transaction is implemented by a 1st Global Capital Corp. RR on behalf of the Client, The RR may receive commissions from the sale of investment products, including the sale of mutual funds. Mutual funds assess charges and fees at the fund level, including fees for investment management services and 12b-1 fees that are permitted under Section 12b-1 of the Securities Exchange Act. These charges principally cover advertising, promotion, and shareholder servicing expenses incurred by the fund. The amount of additional compensation paid by mutual funds in the form of 12b-1 fees can differ between funds and some funds pay no 12b-1 fees at all. RRs can receive all or a portion of these 12b-1 fees. In the context of providing investment services in a commission based setting, the presence of these 12b-1 fees may present a potential conflict of interest because it may provide the RR with an incentive to recommend the investment products which include such fees.

RBFI and its advisory representatives do not receive commissions on securities transactions conducted in a client's managed account. Instead, they receive advisory fees based on the assets under management in the account. RBFI's IARs may receive 12b-1 fees that are permitted under Section 12b-1 of the Securities Exchange Act. RBFI's IARs can receive all or a portion of these 12b-1 fees. In the context of providing investment services in a advisory based

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setting, the presence of these 12b-1 fees may present a potential conflict of interest because it may provide the IARs with an incentive to recommend the investment products which include such fees.

Client has the option to purchase investment products recommended by IARs through other brokers or agents that are not affiliated with RBF1.

Load-waived mutual funds will be chosen for any of RBF1's managed account platforms rather than the same mutual fund with a sales charge. This gives RBF1 and the IARs the right to determine commission rates paid (zero %) without Client's specific consent. In addition, trails or service fees may be paid on some load-waived mutual funds and not on no-load funds, both of which may be used within RBF1's managed account platforms.

Lower fees for comparable services offered by RBF1 may be available from other sources. The receipt of commissions for the sale of securities, insurance and real estate products and/or 12b-1 fees is a conflict of interest and give RBF1 and its advisory representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. RBF1 will attempt to mitigate conflicts of interest by:

- Informing you of conflict of interest in this Disclosure Brochure.
- Maintaining and abiding by our Code of Ethics which requires us to place your interest first and foremost.
- Routine review of transactions
- Advising you of the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.
- Recognizing and advising you RBF1 is a fiduciary and has an obligation to conduct its business in the best interest of its clients and not in RBF1's interest.

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

Rawdin-Baron Financial does not charge performance-based fees and does not participate in side-by-side management.

### Item 7 - Types of Clients

RBF1 generally provide advisory services to individuals (other than high-net-worth individuals), high-net-worth individuals, and pension and profit sharing plans.

RBF1 generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services. RBF1 will generally require you to deposit a minimum of \$30,000 (cash or securities). However, under certain circumstances, RBF1 may waive the minimum account size requirement and accept accounts less than \$300,000. Such circumstances may include but not be limited to additional assets will soon be deposited or you have other accounts under management with RBF1. You are advised performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market may affect smaller accounts more and the effects of compounding may be greater in larger accounts.

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

Rawdin-Baron Financial investment philosophy is based on the principle of diversification and asset allocation.

Diversification is designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to generate correlated returns at the same time. This philosophy is based on Nobel Prize winning concepts known collectively as Modern Portfolio Theory.

Simply stated, modern portfolio theory teaches that long-term investment strategy should not focus on short-term results and should not necessarily avoid "risky" investments. In fact, modern portfolio theory states that no investments are "always" imprudent. Rather, research demonstrates that investment returns correlate strongly with risk and that it is only by accepting "risk" into the portfolio and satisfactorily diversifying the portfolio of investments that can truly grow, preserve, and protect against taxes and inflation in a portfolio. Because risk and return are linked, the main task is not to avoid risk but to manage it prudently; in other words, to define risk and return objectives reasonably suited to the account and to evaluate and make decisions respecting asset classes and individual securities in the context of the portfolio as a whole.

In 1952, Nobel Laureate Dr. Harry Markowitz took the practice of investing to an entirely new level by developing a process that enabled investors to optimize the benefits of diversification. That process is known today as strategic asset allocation. Dr. Markowitz's work has served as the bedrock for smart investing for almost six decades and continues to do so today.

Asset allocation takes the idea of diversification one step further by combining multiple asset classes so that no one asset class will have a significant adverse impact on your overall

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portfolio. The combination of different asset classes allows investors to construct efficient portfolios that provide the highest amount of expected return for a given level of expected risk.

RBFI structures a Client's portfolio by taking into account the Client's investment objectives and feelings about the balance between risk and return. Asset classes and their relative weighting are matched to a model, that are that through our research, have displayed similar risk-return characteristics. Investments are then selected to match the criteria of a specific asset class. From time to time, market conditions may dictate adjustments to the relative weightings among asset classes.

### **RISK OF LOSS FOR ALL TYPES OF ANALYSIS**

Investment portfolios, programs, models, asset allocations, or strategies entail the risk of loss; and values and returns will fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past, and there will likely be periods of loss in the future.

RBFI and our IARs emphasize that investment returns, particularly over shorter time periods, are highly dependent on trends in the various investment markets. RBFI's investment management services are suitable for long-term investment objectives or strategies, rather than for a short-term objective or for trading or market timing purposes.

Neither diversification nor asset allocation assure a profit or protect a Client's investment portfolio against a loss, and there is no guarantee that a Client's investment objectives will be achieved.

RBFI's programs, portfolios, models, asset allocations and strategies are not FDIC insured and the investments in them may lose value.

All investment programs have certain risks that the Client must bear. RBFI's investment approach regularly keeps the risk of loss in mind. Clients face investment risks including:

*Interest rate risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

*Market risk:* The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

*Inflation risk:* The risk is that the rate of inflation will exceed the rate of return on an investment.

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*Currency risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

*Reinvestment risk:* This is the risk that future proceeds from investments may have to be reinvested at potentially lower rates of return (i.e. interest rate). This is primarily to fixed income securities.

*Business risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They generally carry a higher risk of profitability than an electric company, which may generate much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

*Liquidity risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders or investors are frequently buying or selling that type of asset. For example, Treasury bills are highly liquid, while real estate properties are not.

*Financial risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in cash crises, bankruptcy and/or declining market value.

*Credit Risk:* Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

*Risks of investing outside the U.S.:* Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent. Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

There are risks inherent in all financial decisions and transactions. There is no guarantee that a Client's investment objectives will be achieved.

Neither RBFi nor RBFi's IARs make any promises, representations, warranties or guarantees that any of RBFi's services to be rendered will result in a profit to Client. RBFi does not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy that RBFi or IARs may use or the success of our overall management.

Investment decisions that Clients make or that RBFi makes for Clients are subject to various market, currency, economic, political and business risks. RBFi's and Client investment decisions will not always be profitable.

RBFi and its IARs will not be liable for any loss incurred with respect to Client accounts, except where such loss directly results from such party's negligence or malfeasance. Nothing in this section is intended to be a waiver of any right of action Clients may have under applicable securities laws or your rights in the event RBFi or any of RBFi's IARs breach any fiduciary duty owed to Client.

### Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client or potential Client's evaluation of Rawdin-Baron Financial, Inc. or the integrity of Rawdin-Baron Financial, Inc.'s management.

Rawdin-Baron Financial, Inc. and the management personal of Rawdin-Baron Financial, Inc. have no reportable disciplinary events to disclose.

### Item 10 - Other Financial Industry Activities and Affiliations

Rawdin-Baron Financial, Inc. is actively engaged in the following financial industry activities:

**Tax Preparation and Planning:** RBFi provide income tax planning and preparation services to Clients. Income tax planning and preparation services may be provided to both Advisory and non-Advisory Clients. Fees charged for income tax planning and preparation services are in addition to any Advisory Fees charged for the account services. Fees for these services are charged at both hourly rates of between \$180 and \$250 per hour and by schedule. RBFi may, at its discretion, discount income tax preparation fees.

**Insurance Sales:** RBFi's IARs are agents and/or brokers of various insurance companies. IARs are able to effect insurance recommendations if the Client elects to have insurance



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recommendations implemented. These individuals receive compensation for insurance and/or annuity implementation. This compensation is paid to the agent. RBFi receives no portion of this compensation. Clients are not obligated to use any of these individuals for insurance product purchases.

**Real Estate Services:** RBFi's IARs are agents and/or brokers registered with the California Department of Real Estate. IARs may refer a Client to other real estate brokers and/or real estate professionals such as escrow companies and Title Insurance companies. IARs may be entitled to earn a referral fee or a portion of a commission. RBFi's IARs also refer Clients to mortgage brokers and loan agents for real estate financing needs, as requested by the Client. RBFi receives no portion of this compensation. Clients are not obligated to use any of these referrals for Real Estate related transactions.

**Financial Services Institute's Political Action Committee Board of Directors:** Investment Adviser Representative Bruce Rawdin-Baron serves on the Financial Services Institute's (FSI) PAC Board of Directors. The role of the FSI PAC Board Includes establishing fundraising goals for FSI PAC fundraising programs, reviewing FSI PAC fundraising plans and the effectiveness of such programs, supporting FSI fundraising efforts, creating an election cycle FSI PAC budget, supporting FSI PAC through legally authorized personal contributions, encouraging FSI members to make legally authorized contributions to FSI PAC, and reporting to the membership to the FSI Board of Directors on a periodic basis as to the effectiveness of FSI PACs fundraising and the status of the current FSI PAC budget. No compensation or economic benefit is provided to RBFi or Bruce Rawdin-Baron as a result of this activity.

### Material Business Arrangements

Management persons or an associated person of RBFi are not registered as, nor do they have an application pending to register as, a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor. Management persons of RBFi who are registered with a broker-dealer are also Registered Representatives of 1st Global Capital Corp. and Investment Adviser Representatives of 1st Global Advisors, Inc. The relationships or arrangements of Registered Representatives with 1st Global Capital Corp. and/or Investment Adviser Representatives with 1st Global Advisors, Inc. are not material to RBFi's advisory business or to RBFi Clients. RBFi is not affiliated with or related to 1st Global Capital Corp. or 1st Global Advisors, Inc.

RBFi attempts to mitigate the conflicts of interest with the potential receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as registered representatives with 1st Global Capital Corp., Advisory Representatives are subject to a supervisory structure at 1st Global Capital Corp. for their securities business.

RBF1 will make sure that before selecting other advisers the other advisers are properly licensed or registered as an investment adviser.

### **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Rawdin-Baron Financial, Inc. has adopted a Code of Ethics which governs a number of potential conflicts of interest RBF1 and its IARs have when providing advisory services to our Clients. RBF1's Code of Ethics is designed to ensure that RBF1 and its IARs meet and maintain a high standard of business conduct, and meet their fiduciary responsibilities to their Clients. In addition, RBF1's Code of Ethics is designed to foster a culture of compliance and responsibility throughout RBF1 and its IARs.

RBF1's Code of Ethics is comprehensive and is designed to help detect and prevent violations of securities laws, and to help ensure that RBF1 and its IARs place the Clients' interests above their own at all times.

RBF1 distributes its Code of Ethics to each of its employees and affiliated or supervised persons at the time they begin their employment or affiliation or supervision with RBF1. RBF1's Code of Ethics remains available to each employee, affiliate, or supervised person for as long as he or she remains associated with RBF1, and RBF1 ensures that updates to its Code of Ethics are communicated to each employee, affiliate, and supervised person whenever changes are made.

RBF1's Code of Ethics sets forth certain standards of conduct and address potential conflicts of interest among its employees, agents, advisors, and advisory Clients.

- Employees and advisory representatives shall comply with all applicable federal and state laws and all rules and regulations of any governmental agency or self-regulatory organization as well as our procedures governing his/her actions.
- Employees and advisory representatives shall comply with all laws and regulations, and our prohibition against insider trading.
- Employees and advisory representatives shall have and maintain knowledge of and shall comply with the provisions of our Code of Ethics.
- Employees and advisory representatives shall report any known violations of our Code of Ethics.

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- Employees and advisory representatives shall act in a manner consistent with their fiduciary obligation to our Clients and shall not deprive any Client account of an investment opportunity in order to personally benefit from that opportunity.
- Employees and advisory representatives shall not engage in an outside business activity for compensation without the knowledge and approval of our compliance department.
- Advisory representatives, in making investment recommendations or taking any investment actions, shall exercise diligence and thoroughness, and shall have a reasonable basis for any such recommendation.
- Advisory representatives shall not attempt to improperly influence for their own personal benefit any investment strategy to be followed or investment action to be taken by us for your accounts.
- Advisory representatives shall not attempt to improperly use, for their own personal benefit, any knowledge, whether obtained through the advisor's relationship with us or otherwise, of any investment recommendation made or to be made, or of any investment action taken or to be taken by us.
- Employees and advisory representatives shall not disclose any non-public information relating to your accounts' portfolio or transactions or to our investment recommendations, nor shall any employee or advisory representative disclose any non-public information relating to our business or operations unless properly authorized to do so.
- Employees and advisory representatives shall not accept, directly or indirectly, from another party who transacts business with us or your accounts, any gifts, gratuities or other items of more than de minimis value.
- Employees and advisory representatives shall comply with the personal securities transactions provision of our Code of Ethics.
- Employees and advisory representatives shall not engage in short-swing trading or market timing.
- Employees and advisory representatives found to have violated the provisions of our Code of Ethics may be subject to sanctions up to and including restrictions on personal securities transactions, letters of reprimand, additional continuing education requirements, fines, suspension or termination.

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- Employees and advisory representatives may also be required to disgorge any profits realized or losses avoided for transactions in securities that are inconsistent with the provisions of our Code of Ethics.
- Employees and advisory representatives found to have violated any of the insider trading provisions of our Code of Ethics may be subject to additional penalties under federal regulatory authorities including revocation of licenses and registrations, substantial monetary fines and/or imprisonment.

RBFi's Code of Ethics is made available to any Client or prospect upon request in writing to Rawdin-Baron Financial, Inc., PO Box 90487, San Diego, CA 92169 or by email to [info@r-bfinancial.com](mailto:info@r-bfinancial.com).

Generally, RBFi does not buy or sell securities for its own account that it recommends to (or purchases or sells for) Clients. RBFi's IARs however, may purchase or sell for their own accounts securities or other investment products that are also recommended to Clients, which may create a conflict of interest. RBFi always gives a higher priority to Client transactions than its own transactions. When RBFi or an IARs of RBFi recommends trades to Clients and RBFi, its IARs, or related persons also plan to buy or sell the same security, the Client is given the opportunity to decide on the recommendation and place a trade before RBFi, the IARs, or the related persons execute a trade in the same security. Should RBFi, the IARs, or a related person have a trade to place for a personal account along with trades to place for a Client account or accounts, the trades for RBFi, the IARs, or a related person are always placed after the trades for the Client. RBFi has implemented surveillance and exception reports through our broker-dealer that are designed to identify and correct situations in which the personal securities transactions of IARs are placed ahead of a Client's.

### Item 12 - Brokerage Practices

As previously stated, Advisory Representatives are registered representatives of 1st Global Capital Corp. As a result they are subject to FINRA Conduct Rule 3040 which may restrict them from conducting securities transactions away from 1st Global Capital Corp. unless 1st Global Capital Corp. provides them with written authorization. RBFi is independently owned and operated and not affiliated with 1st Global Capital Corp.

Not all investment advisory firms require their Clients to direct brokerage through a specified broker-dealer. However, the services provided by RBFi will be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from RBFi. The execution cost and commissions may be higher or lower at 1st Global Capital Corp. and more favorable execution could be obtained from other broker-dealers. While our affiliated broker-dealer is

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able to negotiate competitive pricing with NFS that it believes is beneficial to RBFi Clients, RBFi does receive an economic benefit from using 1st Global Capital Corp. that it might not receive from another broker-dealer. 1st Global Capital Corp. provides RBFi and its IARs with technology, education, research and support services necessary to RBFi's practice. RBFi would not necessarily receive these benefits if using a different broker-dealer.

In initially selecting 1st Global Capital Corp., RBFi conducted due diligence. RBFi's evaluation and criteria includes:

- Ability to service you
- Staying power as a company
- Industry reputation
- Ability to report to you and to RBFi
- Availability of an efficient trading platform
- Products and services available
- Technology resources
- Educational resources
- Execution capability
- Financial responsibility and viability
- Confidentiality and security of your information
- Responsiveness
- Other factors that may bear on the overall evaluation of best price and execution

1st Global Capital Corp. has a wide range of approved securities products for which 1st Global Capital Corp. performs due diligence prior to selection. 1st Global Capital Corp.'s registered representatives are required to adhere to these products when implementing securities transactions through 1st Global Capital Corp. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. 1st Global Capital Corp. also provides Advisory Representatives, and therefore the RBFi with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and RBFi manage and further develop its business enterprise.

1st Global Capital Corp. and its clearing broker/dealer, National Financial Services, LLC (NFS) also make available to RBFi other products and services that benefit RBFi but may not directly benefit you. Some of these other products and services assist RBFi with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of RBFi's fees from your 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 RBFi 's accounts, including accounts not held through 1st Global Capital Corp.

### AGGREGATED TRADES

From time to time RBFi may determine that the purchase or sale of a particular security is appropriate for multiple Client accounts within the same or multiple programs, based on a variety of reasons. At such time, RBFi may also determine that it is appropriate in the interest of efficient and effective execution to attempt to execute the trade orders as one or more block trades (i.e. aggregate the securities to be traded for each such account into one or more trade orders). This may in turn give rise to actual or potential conflicts of interest between Client accounts where some accounts are unable to participate in the block trade, such as where the block trade order is only partially filled. In order to address these conflicts, RBFi has adopted the policies and procedures below, regarding the allocation of investment opportunities, securities, and block trades in order to provide an objective and equitable method of trade allocation, so that all Clients are treated fairly.

#### 1. POLICY AND PROCEDURES

- RBFi will always allocate investment opportunities among Clients' accounts in a fair and equitable manner;
- RBFi will only aggregate Clients' trades if it believes that aggregation would be in the best interests of its Clients;
- RBFi will strive to ensure that no single Client participating in the block trade would be favored over any other participating Client;
- Each Client that participates in a block trade will participate at the average share price; and
- All transactions costs will be pro rata based upon each account's participation in such blocked order.

The following procedures shall be in effect should any block trade not be filled in its entirety:

- Should a partial execution of a block trade occur and the amount of shares executed is less than a meaningful percentage of the total amount of shares of the trade, then RBFi will allocate the shares received either randomly among the Client accounts participating in the block trade or by selecting accounts starting from the top or bottom of the list of accounts;
- b. Should a partial execution of a block trade occurs, any accounts for RBFi, its IARs, and associated or affiliated persons or their family members will be prohibited from receiving an allocation;
- c. Should a partial execution of a block trade occurs and the amount of shares executed represents a meaningful percentage of the total amount of shares of the trade, then RBFi will allocate the executed shares proportionally among all Client accounts participating in the block trade.

### Item 13 - Review of Accounts

Advisory activities are supervised in several ways and at various stages of the Client relationship by both RBFi and through RBFi's broker dealer, 1st Global Capital Corp.

Prior to implementation, paperwork is reviewed by RBFi staff to ensure the account is being established in accordance with Client's stated objectives and tolerance for risk. A subsequent Client account review may be triggered by material market, economic or political events; a change in Client's investment profile; a Client inquiry; or a change in tax law. Additionally, RBFi staff will periodically review Client accounts to identify situations that may call for a more detailed review, or for a specific action be taken on a Client's behalf.

We utilize a series of surveillance, exception, trade, and other transaction reports through our broker-dealer 1st Global Capital Corp. that are designed to help facilitate the ongoing review of RBFi's managed accounts. RBFi's IARs provide continual and regular investment advice or investment supervisory services to Clients, and routinely review Client portfolios, and are responsible for communicating with Clients at least annually. Some of the reports utilized by RBFi to conduct these reviews are:

- Account out of balance to target allocation – This report is designed to identify accounts with an asset class out of balance to the original target allocation by 10% or more.
- Account last rebalance – This report identifies accounts that have not been rebalanced within the last 6 months.
- Accounts that hold more than 25% cash – This report is designed to identify accounts with a cash holding of 25% of the balance of the account.
- Daily NFSC Advisory Exception Report –This daily report is designed to identify purchases for which a Client was erroneously charged a commission and to also monitor for contingent deferred sales charges and short-term redemption fees.
- IMS Account Implementation Report –This daily report is designed to identify accounts that have been opened but are not yet implemented in accordance with the IPS.
- Mutual Fund A-share Short-Term Redemption Report –This monthly report is designed to identify A-share liquidations which incurred a short-term redemption fee.
- Mutual Fund Redemption Report- B shares –This monthly report is designed to identify B-share liquidations which incurred a redemption fee.



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- Mutual Fund Redemption Report- C Shares - This monthly report is designed to identify C-share liquidations which incurred a redemption fee.
- Front Running Report –This monthly report is designed to identify cases where Client's advisor may have purchased a stock position in their own account just before the same stock is purchased in your account.

Rebalancing of a Client's portfolio generally occurs on a bi-annual basis. Rebalancing may or may not be appropriate when issues such as tax consequences, cash needs, or a 10% or greater variance from the target allocation are taken into consideration.

RBFI also provides each Client with a detailed quarterly performance report describing account performance and positions.

In addition to the quarterly performance and position reports provided by RBFI, the custodian holding the Client accounts will send the Client trade confirmations for every trade that occurs within the Client's account; and periodic account statements, usually monthly but no less than quarterly, showing all transactions, fee deductions, positions and all deposits and withdrawals of principle and income for the account.

Clients should carefully review the account statements they receive from their account custodians. Clients should also compare any statements received from RBFI with statements received from the account custodians. Comparing statements will enable Clients to determine whether account transactions, including deductions to pay advisory fees, are proper.

RBFI's activities are also subject to review by the compliance officer at 1st Global Capital Corp. RBFI declines to sell any "proprietary investments" where RBFI may have any interest whatsoever other than as an investor. RBFI discloses all commissions and fees prior to any investment made by Client. RBFI reviews all financial plans and performs various analyses determined to be relevant by RBFI, prior to any plan being presented to a Client. Financial plans and various analyses prepared by IARs are reviewed by RBFI before being presented to Client.

### Item 14 - Client Referrals and Other Compensation

RBFI's employees and IARs shall not accept directly or indirectly, from a broker/dealer or other vendor who transacts business with 1st Global Advisors, Inc. or its Clients accounts, any gifts, gratuities or entertainment of more than de minimis value or significance, where the acceptance of such gifts, gratuities, or entertainment might reasonably be expected to interfere with or influence the exercise of independent and objective judgment in carrying out such person's duties or otherwise give the appearance of a possible impropriety.

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RBFI does not directly or indirectly compensate any person who is not a supervised person of RBFI for referrals.

### Item 15 - Custody

RBFI does not have actual or constructive custody of any Client accounts. Assets held in a Client's Account will be held by a custodian. National Financial Services, LLC is the primary custodian for RBFI Clients' accounts

National Financial Services, LLC, will maintain custody of the cash and securities in Client's Brokerage Account and will receive and credit to the Account all interest, dividends and other contributions that they receive for the Account. Checks for deposit into Client Accounts are payable to NFS, LLC. Clients are advised that Accounts are carried by National Financial Services LLC, Member NYSE/SIPC, 200 Liberty Street, New York City, NY, 10281. A separate Account is maintained for each Client under Client's name and Tax ID number.

In the event that RBFI should choose to use a new or an additional custodian for a Client's account, the Client shall be deemed to have approved any new or additional custodian, which will be a broker-dealer, bank or other financial institution authorized to maintain custody of such accounts, unless Client objects in writing to RBFI within 30 days of the date of such notice that RBFI intends to change Client's Custodian. If Client objects to the new custodian within the 30-day period for such objection, RBFI will terminate Client's Account in accordance with the Termination provisions of this Agreement.

The Custodian will provide Client with confirmation of purchases and sales in the Account; monthly statements showing activity in the Account, positions owned and month-end market value, unless there is no activity in Client's Account in which case these statements shall be delivered quarterly. Clients should carefully review these statements for completeness and accuracy. Statements, appraisals, and performance reports provided by RBFI should be compared to the statements provided by the Custodian.

### Item 16 - Investment Discretion

Rawdin-Baron Financial, Inc. Managed Account Clients will provide RBFI's IARs with Discretionary Trading Authorization.

RBFI's IARs will be authorized by the Client to exercise full discretionary authority with respect to how their assets are invested in the RBFI Portfolio. Such authority allows the RBFI to invest, sell, purchase, and/or exchange in those securities, cash, and/or other financial instruments that meet the investment guidelines, restrictions, and objectives as specified in the Client's Profile without prior consultation with the Client. These Investments may include, among other

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things: mutual funds; exchange-traded funds; variable insurance and annuity sub-accounts; equity securities (but does not include options); fixed income instruments (including bonds, CMOs, certificates of deposit and money market funds); alternative investments (such as REITs and private funds); and unit investment trusts.

RBFI's authority extends to the selection, implementation, on-going analysis of and advisement on, those investments for Client's RBFI Portfolio. The Client understands and acknowledges that such transactions in Client's advisory account generally do not generate any commissions to the RBFI's IARs (other than possibly 12b-1 income on mutual fund transactions). Consequently, RBFI will be compensated by an advisory fee, which shall be paid by Client on a quarterly basis, as compensation for the RBFI's efforts in managing Client's portfolio.

RBFI may, based on an analysis of various economic factors, make such changes to the Client's RBFI Portfolio as RBFI may deem necessary to reduce the Client's exposure to any increased risk to the portfolio due to RBFI's analysis of market conditions and trends that are likely to result in significant anticipated market volatility. Such changes to the Client's RBFI Portfolio will be made only when various economic factors indicate that the market conditions affecting the Client's portfolio are volatile. RBFI may base their determination on various factors which may include: significant and abnormal deviations of asset class correlation statistics; significant indications of market instability and/or volatility as determined by financial volatility indices such as the Chicago Board of Options Exchange's ("CBOE") Volatility Index ("VIX"), which measures the expected volatility of the S&P 500 Index over the next 30-day period; and other economic and/or political factors.

RBFI's IARs are authorized, in their sole discretion, to buy, sell or otherwise transact in those securities and investments which are or may be employed in the appropriate RBFI Portfolio that corresponds to the Client's original risk profile and strategy. RBFI will make every effort to ensure that the Client portfolio's risk exposure is not increased beyond those risk tolerances memorialized in the Client's Risk Profile and in accordance with the Client's investment guidelines, restrictions, and objectives communicated to RBFI in writing.

When volatile market conditions exist, RBFI is granted full discretionary authority to implement a more conservative style, which may include an all-cash or similar position, even if that is contrary to the style of investment selected by the Client. RBFI is not under any obligation to implement a more conservative style during volatile market conditions.

When and/or if changes occur, RBFI shall notify Client within 72-hours via electronic e-mail, facsimile, and/or by U.S. mail.

## **Item 17 - Voting Client Securities**

As a matter of firm policy and practice, Rawdin-Baron Financial, Inc. does not have any authority to, and does not, vote proxies on behalf of advisory Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in Client portfolios.

## **Item 18 - Financial Information**

Rawdin-Baron Financial, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has never been the subject of a bankruptcy proceeding.

RBFI will not require you to prepay more than \$500 and six or more months in advance of receiving the advisory service.

## **Item 19 – Requirements for State Registered Advisers**

The formal education and business backgrounds of the principal executive officers and management persons are disclosed on the attached Supplements.

RBFI is not actively engaged in any other business. Other businesses in which the principal executive officers and management persons are actively engaged are disclosed on the attached Supplements.

The principal executive officers and management persons have not been involved in any of the following.

An event involving an arbitration claim alleging damages in excess of \$2,500 involving:

- An investment or an investment related activity;
- fraud, false statement(s), or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices.

An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

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- an investment or an investment-related business or activity;
- fraud, false statement(s), or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices.

RBF1 does not have any relationship or arrangement with any issuer of securities.



**Form ADV Part II B  
Brochure Supplement**

Bruce E. Rawdin-Baron  
4747 Morena Blvd, Suite 102  
San Diego, CA 92117  
Phone: (858) 483-7500

Rawdin-Baron Financial, Inc.  
4747 Morena Blvd, Suite 102  
San Diego, CA 92117  
Phone: (858) 483-7500

This brochure supplement provides information about Bruce E. Rawdin-Baron that supplements the Rawdin-Baron Financial, Inc. brochure. In the event that you have not received a copy of that brochure or if you have any questions about the contents of this supplement, please contact Bruce E. Rawdin-Baron.

Additional information about Bruce E. Rawdin-Baron is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

The use of the term "registered investment adviser" does not imply any particular level of skill or training.

## **Educational Background and Business Experience**

Bruce E. Rawdin-Baron (10/18/1948) graduated from University of California at San Diego with a Bachelor of Art degree in Visual Arts and a minor in Biochemistry. He attended University of California at Los Angeles School of Law from 9/71 through 12/71 and took various courses at the Western State University of Law between 1984 and 1987.

Bruce is the President and CFO and Chief Compliance Officer of Rawdin-Baron Financial, Inc. (January 1, 2000 to present). He is a registered representative with 1st Global Capital Corp., and holds the following securities licenses: FINRA Series 7 General Securities Representative, FINRA Series 24 General Securities Principal, Series 63 Uniform Securities Agent (State Law) and Series 65 Uniform Investment Advisor. Bruce E. Rawdin-Baron is licensed in Life and Health insurance, is licensed as a California Real Estate Broker and a REALTOR®, and is enrolled to practice before the Internal Revenue Service (Enrolled Agent/EA).

Qualifications for use of the term “REALTOR®”:

The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the NATIONAL ASSOCIATION OF REALTORS® and subscribes to its strict Code of Ethics. REALTORS® are pledged to a strict Code of Ethics and Standards of Practice. Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

Qualifications to ENROLLMENT TO PRACTICE BEFORE THE INTERNAL REVENUE SERVICE:

Enrollment to practice before the Internal Revenue service is granted by the Commissioner of the Internal Revenue Service, to qualified individuals who demonstrate special competence in tax matters by written examination. Practice before the Internal Revenue Service relates to all matters connected with a presentation to the Internal Revenue Service relating to a taxpayer's rights, privileges, or liabilities under laws or regulations administered by the Internal Revenue Service. This includes (but is not limited to) preparing and filing tax returns and other documents; corresponding and communicating with the Internal Revenue Service; and representing a client at conferences, hearings, and meetings. Enrollment must be renewed every 3 years, and requires completion of a minimum of 72 hours of continuing education, including six hours of ethics or professional conduct. A minimum of 16 hours of continuing education credit, including two hours of ethics or professional conduct, must be completed during each year of enrollment.



## **Disciplinary Information**

Bruce E. Rawdin-Baron has no legal or disciplinary events.

## **Other Business Activities**

Bruce E. Rawdin-Baron is a registered representative of 1st Global Capital Corp. He is licensed as a California insurance agent, and as a California real estate broker and Realtor®. These business activities outside of his position at Rawdin-Baron Financial, Inc. do not represent a substantial source (i.e. more than 10%) of his time or income.

Bruce may recommend these services to his clients and in doing so there is an inherent risk for a conflict of interest. Payments he would receive for those services create an incentive to recommend them. Advisory clients are informed of the conflict and not obligated in any way to use his other business services.

Baron Realty is the entity through which Bruce provides real estate services. This entity is not registered as an investment adviser. He earns fees through this entity for providing real estate services.

1st Global Capital Corp. is the entity through which Bruce offers brokerage services. This is a registered broker/dealer and member of FINRA/SIPC. Bruce earns commissions through this entity for purchasing or selling investment products for clients.

As an IAR of Rawdin-Baron Financial, Inc., Bruce may provide financial planning services and provide investment recommendations to clients. Bruce's investment recommendations may be implemented through Rawdin-Baron Financial, Inc., or 1st Global Capital Corp.

When implemented through 1st Global Capital Corp., Bruce, like other registered representatives of 1st Global Capital Corp. receive commissions from the sale of investment products, including the sale of mutual funds.

Mutual funds assess charges and fees at the fund level, including fees for investment management services as well as fees that are permitted under Section 12b-1 of the Securities Exchange Act (known as "12b-1 fees". These charges principally cover advertising, promotion, and shareholder servicing expenses incurred by the fund. The amount of additional compensation paid by mutual funds in the form of 12b-1 fees can differ between funds and some funds pay no 12b-1 fees at all. Bruce, like other registered representatives can receive all

## FORM ADV – PART II B

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or a portion of these 12b-1 fees. Bruce receives 12b-1 fees through 1st Global Capital Corp and as an IAR of RBFI. This gives Bruce an incentive to recommend investment products based on the compensation received instead of the client's needs.

When implemented through Rawdin-Baron Financial, Inc., Bruce like other investment adviser representatives of Rawdin-Baron Financial, Inc., does not receive commissions for the sale of investment products through Rawdin-Baron Financial, Inc.'s advisory platforms.

Pursuant to FINRA Rule 3040, registered representatives of 1st Global Capital Corp. are limited to executing transactions through their broker-dealer. Clients are advised that a conflict of interest exists since the broker-dealer may receive compensation on the transactions. Transaction fees may be charged for securities transactions executed through 1st Global Capital Corp. Transaction fees are necessary to process trades for accounts on our advisory platforms; they are not commissions.

### Additional Compensation

Bruce E. Rawdin-Baron is a registered representative of 1st Global Capital Corp. and may affect the purchases and sales of investments on a fully disclosed commission basis. Bruce receives compensation on the sale of securities, including 12b-1 fees from investment companies (mutual funds). He is a California licensed insurance agent and may recommend insurance products and receive a commission on any purchases of insurance products. Bruce is a California real estate broker and Realtor<sup>®</sup> and he may receive a fee for these service.

### Supervision

Bruce E. Rawdin-Baron is a principal of the Firm and, as such, does not have an immediate supervisor. Bruce's compliance related activities are supervised by Steven W. Pollock (Director; (858) 483 7500). Mr. Pollock reviews Bruce's security holdings and trades to ensure compliance with the Firm's Code of Ethics.

Advisory activities are supervised in several ways at various stages of the client relationship. Prior to implementation, the paperwork is reviewed to ensure the account is being established in accordance with the client's stated objectives and tolerance for risk. At implementation, all transactions are reviewed to ensure they are suitable given the client's investor profile. Subsequent transactions are reviewed through automated reports and/or manual reviews to

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ensure they are suitable. The account will be monitored on a periodic basis to ensure it is being managed in accordance with the client's stated objectives and tolerance for risk and has not drifted too far from the original asset allocation.

As a registered representative of a broker/dealer Bruce also comes under the supervision of 1st Global Capital Corp. per the FINRA rules regarding agents' outside business activities.

### **Requirement for State-Registered Advisers**

Bruce E. Rawdin-Baron has not been involved in any arbitration claim or civil, self-regulatory organization, or administrative proceeding involving an investment or investment-related business or activity, fraud, false statement(s), or omissions, theft, embezzlement, or other wrongful taking of property, bribery, forgery, counterfeiting, or extortion, or dishonest, unfair, or unethical practices. Additionally, he has not been the subject of a bankruptcy petition.

**Form ADV Part II B  
Brochure Supplement**

Steven W. Pollock  
4747 Morena Blvd, Suite 102  
San Diego, CA 92117  
Phone: (858) 483-7500

Rawdin-Baron Financial, Inc.  
4747 Morena Blvd, Suite 102  
San Diego, CA 92117  
Phone: (858) 483-7500

This brochure supplement provides information about Steven W. Pollock that supplements the Rawdin-Baron Financial, Inc. brochure. In the event that you have not received a copy of that brochure or if you have any questions about the contents of this supplement, please contact Steven W. Pollock.

Additional information about Steven W. Pollock is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

The use of the term "registered investment adviser" does not imply any particular level of skill or training.

## **Educational Background and Business Experience**

Steven W. Pollock (01/17/1983) graduated from San Diego State University, where he earned a Bachelor of Science in Business Administration (2006) and a Master of Science in Business Administration with an emphasis in Financial and Tax Planning (2008).

Steven W. Pollock is Vice President of Rawdin-Baron Financial, Inc. (November 2011 to present). He is a registered representative of 1st Global Capital Corp and holds a FINRA Series 7 General Securities Representative and Series 66 Uniform Combined State Law. Steven is a Certified Financial Planner™ (CFP®) he is licensed in Life, Health and Property insurance, and is enrolled to practice before the Internal Revenue Service (Enrolled Agent/EA).

Prior to joining Rawdin-Baron Financial, Inc., Steven worked for an estate planning law firm, Armstrong, Fisch and Tutoli, where he specialized in the funding, management and distribution of client's trust and estate assets (2006 - 2010).

### Qualifications required to hold the CERTIFIED FINANCIAL PLANNER™ designation:

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

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- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals. Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:
- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### Qualifications to ENROLLMENT TO PRACTICE BEFORE THE INTERNAL REVENUE SERVICE:

Enrollment to practice before the Internal Revenue service is granted by the Commissioner of the Internal Revenue Service, to qualified individuals who demonstrate special competence in tax matters by written examination. Practice before the Internal Revenue Service relates to all matters connected with a presentation to the Internal Revenue Service relating to a taxpayer's rights, privileges, or liabilities under laws or regulations administered by the Internal Revenue Service. This includes (but is not limited to) preparing and filing tax returns and other documents; corresponding and communicating with the Internal Revenue Service; and representing a client at conferences, hearings, and meetings. Enrollment must be renewed every 3 years, and requires completion of a minimum of 72 hours of continuing education, including six hours of ethics or professional conduct. A minimum of 16 hours of continuing

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education credit, including two hours of ethics or professional conduct, must be completed during each year of enrollment.

### Disciplinary Information

Steven W. Pollock has no legal or disciplinary events.

### Other Business Activities

Steven W. Pollock is a registered representative of 1st Global Capital Corp. He is licensed as a California insurance agent. These business activities outside of his position at Rawdin-Baron Financial, Inc. do not represent a substantial source (i.e. more than 10%) of his time or income.

Steven may recommend these services to his clients and in doing so there is an inherent risk for a conflict of interest. Payments he would receive for those services create an incentive to recommend them. Advisory clients are informed of the conflict and not obligated in any way to use his other business services.

1st Global Capital Corp. is the entity through which Steven offers brokerage services. This is a registered broker/dealer and member of FINRA/SIPC. He earns commissions through this entity by purchasing investment products for clients.

1st Global Advisors, Inc. and Rawdin-Baron Financial are the entities through which Steven offers advisory services.

As an IAR of Rawdin-Baron Financial, Inc. and 1<sup>st</sup> Global Advisors, Steven may provide financial planning services and provide investment recommendations to clients. Steven's investment recommendations may be implemented through Rawdin-Baron Financial, Inc., 1st Global Capital Corp., or 1st Global Advisors, Inc.

When implemented through 1st Global Capital Corp., Steven, like other registered representatives of 1st Global Capital Corp. receive commissions from the sale of investment products, including the sale of mutual funds.

Mutual funds assess charges and fees at the fund level, including fees for investment management services as well as fees that are permitted under Section 12b-1 of the Securities Exchange Act (known as "12b-1 fees". These charges principally cover advertising, promotion, and shareholder servicing expenses incurred by the fund. The amount of additional compensation paid by mutual funds in the form of 12b-1 fees can differ between funds and

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some funds pay no 12b-1 fees at all. Steven, like other registered representatives can receive all or a portion of these 12b-1 fees. Steven receives 12b-1 fees through 1st Global Capital Corp and as an IAR of RBF. This gives Steve an incentive to recommend investment products based on the compensation received instead of the client's needs.

When implemented through 1st Global Advisors, Inc. or Rawdin-Baron Financial, Inc., Steven like other investment adviser representatives of 1st Global Advisors, Inc. or Rawdin-Baron Financial, Inc., does not receive commissions for the sale of investment products through 1st Global Advisors, Inc.'s or Rawdin-Baron Financial, Inc.'s advisory platforms.

Pursuant to FINRA Rule 3040, registered representatives of 1st Global Capital Corp. are limited to executing transactions through their broker-dealer. Clients are advised that a conflict of interest exists since the broker-dealer may receive compensation on the transactions. Transaction fees may be charged for securities transactions executed through 1st Global Capital Corp. Transaction fees are necessary to process trades for accounts on our advisory platforms; they are not commissions.

### Additional Compensation

Steven W. Pollock is a registered representative of 1st Global Capital Corp. and may affect the purchases and sales of investments on a fully disclosed commission basis. Steven W. Pollock may receive compensation on the sale of securities, including 12b-1 fees from investment companies (mutual funds). Steven W. Pollock is a California licensed insurance agent and may recommend insurance products and receive a commission on any purchases of insurance products.

### Supervision

Steven W. Pollock is a principal of the Firm and, as such, does not have an immediate supervisor. Steve's compliance related activities are supervised by Bruce E. Rawdin-Baron (Director; (858) 483-7500). Mr. Rawdin-Baron reviews Bruce's security holdings and trades to ensure compliance with the Firm's Code of Ethics.

Advisory activities are supervised in several ways at various stages of the client relationship. Prior to implementation, the paperwork is reviewed to ensure the account is being established in accordance with the client's stated objectives and tolerance for risk. At implementation, all transactions are reviewed to ensure they are suitable given the client's investor profile. Subsequent transactions are reviewed through automated reports and/or manual reviews to



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ensure they are suitable. The account will be monitored on a periodic basis to ensure it is being managed in accordance with the client's stated objectives and tolerance for risk and has not drifted too far from the original asset allocation.

As a registered representative of a broker/dealer Steven also comes under the supervision of 1st Global Capital Corp. per the FINRA rules regarding agents outside business activities.

### **Requirement for State-Registered Advisers**

Steven W. Pollock has not been involved in any arbitration claim or civil, self-regulatory organization, or administrative proceeding involving an investment or investment-related business or activity, fraud, false statement(s), or omissions, theft, embezzlement, or other wrongful taking of property, bribery, forgery, counterfeiting, or extortion, or dishonest, unfair, or unethical practices. Additionally, he has not been the subject of a bankruptcy petition.