

Form ADV : Part 2 A & B

As of **December 19, 2011**

Part 2A: The Brochure: This brochure discloses information about the qualifications and business practices of the investment advisory firm named below for the benefit of its clients and prospective clients. Please note that the terms “registered investment adviser” or “registered” do not imply a certain level of skill or training. If the adviser uses a wrap fee program, it is found in Appendix 1. If you have any questions about the contents of this brochure, please contact us at the address given below.

Part 2B: The Brochure “Supplement discloses information about persons providing advice.

2A: Brochure : Item 1 :Cover Page : for

Santa Barbara Advisors, Inc.

3891 State Street, Suite 103
Santa Barbara, California 93105
[crd # -134239----- / SEC # 801- 70682]

Telephone : 805-563-3333

or

Facsimile : 805-687-0027

Email : SBAdvisorsInc@gmail.com

website : no WWWWebsite

*Please note that this brochure has not been approved by the Securities & Exchange Commission or by any state securities authority. This firm is registered with the SEC and notice filed in one or more states; **registration does not mean approval or verification by those regulators.** More information about the firm is at Investment Adviser Public Disclosure : www.adviserinfo.sec.gov.*

If an item does not apply to the firm, state that it does not apply. All information must be true and may not omit any material facts.

2A: Brochure : Item 2: Material Changes : *If we amend this disclosure brochure, we are to send you either a new copy of the brochure or at least this item 2 describing the changes made so you can decide if you want us to send you a complete, new copy. A summary of material changes is :*

☐ attached as an exhibit to or

☐ included here as part of this updated brochure

or : No summary of material changes is required because there have been no material changes to this adviser's brochure since its last annual updating amendment.

The changes made are:

In Item

In Item

Item 2 requires that an adviser amending its brochure identify and discuss the material changes since the last annual update on the cover page or the following page or as a separate document accompanying the brochure. This item is designed to make clients aware of information that has changed since the prior year's brochure and that may be important to them. Whenever there is a material change to the form ADV, the firm must either send this item 2 with an offer to send the whole ADV, or else send the whole ADV Part 2AB.

2A: Brochure : Item 3 : Table of Contents : Information that investment advisers must provide to prospective clients initially and to existing clients annually : 18 disclosure items that describe this firm's advisory business. and (if applicable) Appendix 1withdisclosuresrequired for a "wrap fee" program brochure [*a specialized brochure*].

Item 1. : <u>Cover Page</u> ..	The firm's name, its address, contact information,	Page 1, above
Item 2. : <u>Material Changes</u> .— Amendments made as of _____		Page 1, above
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2A: Brochure : Items 4 – 18:

[If an item is inapplicable to an adviser, the IA must include the heading and an explanation why the information is inapplicable. If information an adviser provides in response to one item is also relevant to another item, the adviser may cross-reference the information in the other item.]

Item 4. : This advisory firm's business

4. A. Santa Barbara Advisors, Inc. is a California corporation, in business since January 2000 and that was registered in California as an investment adviser [4.25.2000]. Currently the firm is registered with the SEC and notice filed in California.

The firm's sole owner is Mr. John Weymouth, its President and Chief Compliance Officer and an advisory representative. The firm normally requires that its representatives have at least a college degree and/ or equivalent work experience if they are to render investment advice to clients.

4.B. **Santa Barbara Advisors, Inc.** ("the adviser" or "firm") offers its clients the following services :

Asset Management :

The adviser will negotiate an agreement with each client to provide ongoing, personal **asset management**.

The firm can also provide **occasional advice** as may be requested by a client, without ongoing management services for a fee that is between one-half (0.5) and one and one-half percent (1.5) of the value of the portfolio assets advised on, as agreed to in advance.

The firm's investment advice for individually managed accounts is based on a number of factors which may include the client's investment objectives, risk tolerances, asset class preferences, time horizons, or liquidity needs. The internet is a source of information the adviser uses to formulate advisory recommendations. In addition, the adviser may use services of outside consultants, including other investment advisers, to assist it in determining the appropriate asset allocation for client accounts.

Timing Services:

Santa Barbara Advisors does not provide any timing services.

The approximate relative values of services within the firm are :

Provides investment supervisory services	90 %
Occasional advice not involving investment supervisory services.....	10 %

4.C. Do we tailor our advisory services to a client's individual needs and how do we do so? Yes. Asset management is personal, as stated above, and the adviser manages each account individually.

Can clients impose restrictions on investing in certain securities or types of securities?
Clients may impose reasonable restrictions on the adviser's discretion to invest in certain securities or types of securities if a client provides clear, written directions to that effect.

4.D. Do we participate in a wrap fee program providing portfolio management services? No.
(1) How does our management of the wrap fee accounts differ, if it does, from how we manage other accounts? *This is not applicable to our firm.*

(2) Notice to clients : Advisers who refer clients to a wrap fee program will normally receive a portion of the wrap fee for their advisory services.

4. E. The assets that this firm manages in a continuous and regular manner are all discretionary accounts, valued at **\$56,673,297 (as of 12/5/2011).**

[The assets stated must be updated at any time an adviser makes an interim update to its brochure if the amount has become materially inaccurate. Figures must be current within 90 days of submission.]

Item 5 : Fees and Compensation. . — How our firm is compensated

5.A. The range of fees. [Respond to these items even if fees are disclosed in contracts.]

Our fee schedule

For our portfolio management services the firm charges an annual fee ranging between one-half (0.5) and one and one-half percent (1.5) of the value of the portfolio assets under management. The range is based on the complexity. The firm may discount any cash portion to one-half percent.

Are our fees negotiable? The adviser may, at its discretion, negotiate a lower fee.

5.B. . Disclosure : Does the adviser bill clients for fees incurred OR- has it been authorized by the client to deduct fees from clients' accounts' assets? May clients select either method? How often does the adviser assess fees (or bill clients)?

Some clients may choose to write a check for the advisory fee; others may wish to sign a form instructing the custodian firm's office to have a check made payable to Santa Barbara Advisors, Inc. from their account. Clients may instruct that a portion of the fund be sold to pay the advisory fees. Clients, not the custodian, are responsible for verifying the management fees and the manner in which that fee was calculated. Fees are charged quarterly in arrears.

5.C. . Disclosure : Other types of fees or expenses clients may pay in connection with the advisory services. [custodian fees, mutual fund fees, etc.] An adviser must disclose that its clients will incur brokerage and other transaction costs.

When placing a transaction order to buy or sell securities, advisory clients may have to pay any or all of the following charges in addition to the advisory fees charged by this firm.

- | | |
|-------------------------|--|
| • Brokerage commissions | • administrative fees for investments in mutual fund fees, |
| • custodian fees | • and 12b-1 fees in addition to administrative fees, and other marketing fees for mutual funds, paid to a broker dealer; |
| • postage charges | • account maintenance fees charged by a broker dealer for an account, especially if inactive. |
| • processing charges | |
| • Ticket charges | |
| • Early surrender | |
| • Transfer fees | |

We direct clients to this brochure's Item 12 for further discussion of brokerage costs.

5.D. . Disclosure : Do clients pay fees in advance? How may a client obtain a refund of a pre-paid fee if the contract is terminated prior to a billed period's end? How will the amount of the refund be determined?

Our advisory fee will be assessed quarterly in arrears. As fees are assessed in arrears, there

will be no refund of fees for services provided. However, any initial client who has not received a copy of the firm's disclosure brochure (this Part 2AB) at least 48 hours prior to signing the agreement may terminate the same agreement without penalty or fees, if the client terminates the agreement within 5 (five) working days of signing that agreement. In other cases, either party may effect termination of the agreement with 30 days' written notice for any cause or reason.

5.E. Disclosure : Does the firm or any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds? No. Neither Mr. John Weymouth nor Mr. Paul Weymouth, the firm's two investment advisory representatives, is also a registered representative of a broker dealer.

Disclosure 5.E.1. [note] Whenever an investment advisory firm's representatives may earn a commission, or mutual fund management 12b-1 fees, or other forms of sales charges in their capacity as the registered representatives of a broker-dealer, that arrangement creates an incentive to recommend those sales and, as a consequence, an inherent possibility for a conflict of interest. An advisor is a fiduciary required to make only those recommendations for a client that are in the client's own best interest, uninfluenced by any calculation of personal gain.

Disclosure 5.E.2. : Clients always have the option to purchase through unaffiliated broker-dealers and their agents those investment products our firm recommends. Our firm does not, however, have an affiliated broker dealer.

Disclosure 5.E.3 Does our advisory firm receive more than half its revenue from commissions and other sales-based compensation? No, our firm's only business activity is its fee-based advisory service; it cannot receive commissions, as it is not a broker dealer.

Disclosure 5.E. 4. Do we charge advisory fees in addition to commissions or markups? We do, of course, charge advisory fees. That is how most investment advisers perform business. Our investment advisory firm is not also a broker dealer and therefore it cannot itself receive commissions or markups.

Other disclosures for this section :

The firm may recommend a particular mutual fund or ETF to clients deemed suitable for that particular investment, based on the risk/ reward characteristics that clients expect, among other considerations. The adviser usually recommends a no-load mutual fund or funds with institutional shares to the client, if they meet the stated criteria.

Item 6.:Performance-Based Fees and Side-By-Side Management.

Does our firm charge performance-based fees [fees based on a portfolio's increase in asset value] ? No, it does not. [See also: Form ADV Part 1A, Item 5. E. (6).

Does our firm have a supervised person who manages an account that pays performance fees? No, it does not.

NOTE : Regulators have stated that performance fees can cause incentives for an adviser to manage a portfolio with an eye to short term gains only, including investments that are more speculative or have a higher risk of loss. They may also tempt an advisor to allocate more time to them than to other clients' portfolios due to the possibility of a higher fee. As a fiduciary, an investment adviser is to provide equitable treatment to each client's managed portfolio as if it were the adviser's own portfolio - within the investment parameters agreed to with the client.

Item 7. : Types of Clients.

The types of advisory clients we service; requirements for opening or maintaining an account.

Typically our clients include high net worth individuals and other individuals [see the ADV Part 1A. Item 5]. We are prepared to provide services also to corporations and other businesses, to charitable organizations, estates and trusts.

The firm generally requires a minimum investment of \$250,000 to open an account for asset management. This amount may be negotiable, at the firm's own discretion, depending upon such factors as prior relationship or future expectations.

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

A. An adviser must describe its methods of analysis and investment strategies used in formulating its investment advice. It must explain in detail any unusual risks.

Caution : Investing in securities involves risk of loss.

Mr. Weymouth may use fundamental analyses and technical analyses in formulating his investment advice for clients.

Fundamental Analysis – Called the “bottom-up” approach to investing, a fundamental analysis seeks an in-depth understanding of a **specific firm/** company to evaluate its intrinsic value and its future prospects before investing in its stock. Such an analysis studies the firm's management, its debt, equity and cash flow, history of financial performance/ growth, dividend payout percentages, its products, operating efficiency and marketing structures, among other factors. The firm's balance sheet and income statement are two key sources of information about the firm.

Fundamental Analysis will compare a firm's stock price with its earnings per share and its net earnings to its gross revenues and compare both with the averages for that industry sector. The ratio of current liabilities to current assets is another important element of this form of evaluation. A central focus is deciding whether the stock is over-valued or undervalued.

As a term in large-scale economics, a fundamental analysis studies gross national product, inflation and interest rates, trade and unemployment trends, consumer confidence, savings and spending patterns and inventories in order to predict the larger movements of national and international economies. These larger concerns greatly influence the elements considered in a fundamental analysis of any given company.

Risks inherent in using a fundamental analysis : The factors involved can require time-consuming study that can fall behind the need to make decisions, if such factors begin to change rapidly. Few of the numbers are absolutes; many are relative to other factors or industry sector information. Most require intelligent judgment and experience to be applied meaningfully to stock values.

Fundamental analysis places value on the financial structure and health of the firm to be invested in. These factors at times are of little or no interest to the market place, such that the stock prices for very sound companies may wither when investors look to other reasons and areas for investing.

For a relatively short time period, a firm can falsify facts to hide poor performance or a fragile financial situation. The independence of balance sheets' and other reports' numerical information from such possible manipulation may not be readily verifiable.

Time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

Technical – Technical Analysis is, together with fundamental analysis, one of the two major schools of stock market study. This form of value analysis focuses on patterns of **volume and price fluctuations** for a **given stock** as compared to the activity of the larger, general market(s) indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets. This relative comparison has little or no concern for any company's fundamental structure, production or worth. Market indicators kept in view include volume and direction of market activity, as indicators of supply and demand for securities, often using one or more established index/indices, such as the NASDAQ, S&P 500, and the Dow Jones Industrial Average. Trends and Penetrations (e.g. of previous "highs") are another type of indicator used. The patterns discerned, often using charts for a quick grasp of the relationship of various factors, are used to predict future market moves and their effects on stocks in general and/ or on particular sectors of the market.

Risks inherent in using a technical analysis : Technical analysis purports to see patterns deemed repeatable in similar market conditions. Market conditions may consist of many factors any one of which may alter the outcome of an otherwise very similar situation. No one indicator is absolutely reliable, and a multiple of indicators may just as likely complicate understanding and evaluation as much as or more than it allows deeper insight into the market's mechanics.

The understanding(s) offered clients in explanation tend to use generic Technical Analysis, while the working concepts that are derived from those basics and modified by experience and a firm's emphasis may well be hidden in part or completely as proprietary strategy /strategies that may let one advisor or market participant outperform another.

Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although, in fact, the market can act in highly partial and even apparently irrational ways.

Use in a highly volatile market, sometimes termed "dynamic," may have to evaluation possible indications that the underlying causal relationships may be shifting.

Suitable clients, as noted earlier, may be referred to another firm's Market Timing services.

Market Timing - covers two concepts :

a) with moving averages – decides when to buy or sell stocks

Decisions to purchase or sell securities are based on either the strength of fundamental economic factors or technical market movements (volume and price directions).

Or shifts among money market funds, bond funds, and stock funds

b) To take advantage of dividends payable to shareholders as of the record date.

The technique has not proven 100% effective against "whipsaws." – The choice of which stocks to buy or sell is necessarily on a shorter time basis and may require that the investor's agent

have full discretion to take advantage of market shifts.

b) It provides immediate income at the cost of commissions charged against the principal of the investment.

The internet is a source of information the adviser uses to formulate advisory recommendations. Santa Barbara's adviser may also use financial newspapers and magazines, timing services, research prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases.

8. B. Explain the material risks involved if an adviser's strategy involves frequent trading of securities, and explain how frequent trading can affect performance. [[An adviser is not required to discuss its cash balance practices.](#)]

Santa Barbara Advisors, Inc. uses both long term strategies (securities bought and held for a year or more) and short term strategies (securities bought and sold within a year). These strategies are intended to enhance the portfolio's value and ability to meet a client's stated goals. What may be regarded as "frequent trading" varies according to both client and to the type of security involved. All trading generally adds costs or charges against the account's gains and value, possibly reducing its overall performance.

8.C. Do we recommend primarily a particular type of security? What are the material risks involved with that type of security? Are those risks unusual or significant? We primarily recommend exchange listed securities and mutual funds. We can provide advice on most types of securities :

<u>Equity Securities</u>		Notable risks involved with this type of investment
exchange-listed securities		Market fluctuations can bring losses, lower dividends
over-the-counter securities		More susceptible to market fluctuations; higher risk
foreign issuers		May not be subject to US standards of financial reporting; higher risk
Warrants		Same as OTC
Corporate debt securities		Same as exchange listed
Certificates of deposit		Limited liquidity
Municipal securities		Same as exchange listed; they can default
<u>Investment company securities</u>		
variable life insurance		Insurance company could go out of business; the value of the subaccounts are subject to market fluctuation and loss
variable annuities		Same as variable life
mutual fund shares		Market fluctuations can bring losses; various fees
US government securities		Returns can be low or even, rarely, negative.
Options contracts on securities		Market fluctuations can bring losses; must make transaction to realize profits; contract expire worthless
Interests in partnerships investing in real estate		Historically prone to bubbles and after effects; may lose entire amount invested; not covered by SIPC

Item 9 : Disciplinary Information.

What facts about any legal or disciplinary event involving our firm or its personnel should you know of, because it is material to an evaluation of the integrity of our firm or its management persons? *[An adviser cannot complete this item by adding a cross-reference to Part 1 of its Form ADV.]* Our clients may review the answers to the same or similar disciplinary questions found in the ADV, Part 1A, Item 11 (and, for state registered investment advisers, in Part 1B, Item 2. C.D.E and F.)

The SEC requires that we inform you, our client, if our firm or any of our management persons has been involved in any of the events listed below in 9. A, B, and C. and, beyond those points, if there is any material fact about any legal or disciplinary event that you should know about in order to evaluate our integrity. "Involved" means having engaged in "any act or omission, aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act."

Has our firm or any of our management persons been involved in : **[answers in red]**

9. A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which our firm or a *management person*

1. was convicted of, or pled guilty or nolo contendere ("no contest") to
 - (a) any *felony*; **No, our firm has not and no one in our firm has been.**
 - (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; **No, our firm has not and no one in our firm has been.**or
 - (c) a conspiracy to commit any of these offenses; **No, our firm has not and no one in our firm has been.**

2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; **No, our firm has not and no one in our firm has been.**

3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; **No, our firm has not and no one in our firm has been.**or

4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a *management person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*. **No, our firm has not and no one in our firm has been.**

9. B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which your firm or a *management person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; **No, our firm has not and no one in our firm has been.** or

2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority

- (a) denying, suspending, or revoking the authorization of your firm or a *management person* to act in an *investment-related* business **No, our firm has not and no one in our firm has been.;**
- (b) barring or suspending your firm's or a *management person's* association with an *investment-related* business **No, our firm has not and no one in our firm has been.;**
- (c) otherwise significantly limiting your firm's or a *management person's investment-related*

activities; **No, our firm has not and no one in our firm has been.**or

(d) imposing a civil money penalty of more than \$2,500 on your firm or a *management person*.
No, our firm has not and no one in our firm has been.

9. C. A *self-regulatory organization (SRO) proceeding* in which your firm or a *management person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; **No, our firm has not and no one in our firm has been.**or

2. was *found* to have been *involved* in a violation of the SRO's rules and was:

(i) barred or suspended from membership or from association with other members, or was expelled from membership - **No, our firm has not and no one in our firm has been.**;

(ii) otherwise significantly limited from *investment-related* activities - **No, our firm has not and no one in our firm has been.**s; or

(iii) fined more than \$2,500 - **No, our firm has not and no one in our firm has been.**

If the advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of the firm's advisory business or the integrity of its management, the IA must disclose the event. Similarly, even if more than ten years have passed since the date of the event, the IA must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation. The SEC has "determined not to require disclosure of arbitration awards in the client brochure. Advisers should ... carefully consider whether particular arbitration awards or settlements do, in fact, involve or implicate wrongdoing and/or reflect on the integrity of the adviser, and should be disclosed to clients by the brochure or other means.

Disciplinary information — An investment adviser is required to disclose in its brochure material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or to the integrity of its management personnel. An investment adviser must deliver promptly to clients updated information whenever there is new disclosure of a disciplinary event or a material change to an existing disciplinary event. [NOT, as in Part 1A, to disclose events relating to related persons =] "requirement that [2A] affirmatively disclose disciplinary information about the adviser and its management personnel."

Note: An adviser may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving your firm or a *management person* to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the *person involved* in the disciplinary event to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii).

Item 10 : Other Financial Industry Activities and Affiliations.

What material relationships does our firm or any of our management persons have with related financial industry participants? What material conflicts of interest may arise from these relationships and how are these conflicts addressed?

A. Have we, or has any of our management persons, registered either as a broker-dealer or as the representative of a broker-dealer? No, we have not.

OR, Do we or any management person have such a registration pending? No, we do not.

If an adviser selects or recommends other advisers for clients, the adviser must disclose any compensation arrangements or other business relationships between the advisory firms that create material conflicts of interest between the adviser and its clients along with a discussion of the conflicts and how they are addressed.

B. Have we, or has any of our management persons, registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of any of these entities named here? OR, Do we or any management person have such a registration pending? **No, none of this item applies to our firm.**

C. Do we have any "related person" – a person or a firm that we control or that controls us through ownership or as an officer – with whom we have a material relationship, any arrangement that may cause a conflict of interest when providing our clients with investment advice? No.

D. Do we recommend or select other investment advisers for our clients? Yes, we may recommend other investment advisers..

Do we receive compensation from those other advisers for our referrals? Yes, in most instances we will share in the fee you pay to the adviser to whom we refer you. The compensation we will receive, clients should note, creates an incentive to make the recommendation and thereby an inherent risk for a conflict of interest. We address this possible conflict of interest by informing our clients. Our firm's share is usually one-half of the fee and is disclosed to the client.

Do we have any other business relationships with these advisers that also could cause a conflict of interest and, if "yes," how do we address them? No, we do not.

Item 11. Code of Ethics / Advisory Persons' own trading and possible personal interest in our clients' trades.

A. As required by SEC rule 204A-1 or similar state rules our firm has adopted a Code of Ethics. Among other concerns, our Code of Ethics essentially deals with measures to enforce the prohibition against using insider information, policies and procedures that include our reviews of our own persons' trades, and other ethical considerations..

Please note that using any insider information, information that is not readily available to all participants in the securities markets (upon making a reasonable effort to obtain that information), for any person, ourselves or relatives or clients or any other person, is strictly illegal and punishable by fines and imprisonment.

State how the adviser controls sensitive information: Building security and locked doors, files and computer passwords protect the confidentiality of our clients' information.

[See :*Investment Adviser Code of Ethics*, Investment Advisers Act Release No. 2256 (July 2, 2004), at text accompanying notes nn. 66-67 [69 FR 41696 (July 9, 2004)].]

11. B. [also in Form ADV Part 1A, Item 8. (1)(2) (3)]

Does our firm or a related person recommend to our clients, or do we buy or sell for our clients' accounts, securities in which we or a related person has a material interest?

- A. Our firm and/ or its associates **do**
- buy or sell for the firm or for themselves shares of mutual funds that we also recommend to our advisory clients;
 - invest or are permitted to invest in securities related to those we may recommend to clients, such as derivatives.

Our firm and its associates **do not**

- buy securities for the firm or for themselves from advisory clients (principal transactions);
- sell securities the firm or its associates own to advisory clients (principal transactions);
- in their capacity as a broker/ dealer agent, transact purchases or sales of any client's securities directly to any other person (an "agency cross transaction" that side-steps using a securities market place)
- buy or sell for the firm or for themselves securities (other than shares of mutual funds) that we also recommend to our advisory clients;
- recommend securities (or other investment products) to our advisory clients in which our firm or any person or other firm related to our firm has some other proprietary (ownership) or other financial interest.
- Act as an investment adviser to an investment company that we recommend to our clients.

Disclosure is not required for securities that are not "reportable securities" (such as shares in unaffiliated mutual funds). This summary should provide enough information for the client to determine if it would like to read the full code of ethics and to understand generally the adviser's ethical culture and standards.

11. C. **Personal Trading** : investing in the same or related securities

Does our firm permit itself, its personnel, or a person related to our firm (by ownership or other forms of control) to invest in the same securities that we recommend to our clients, or in securities that are related to those securities, such as options or other derivatives? Yes.

Mr. John Weymouth and Mr. Paul Weymouth may, from time to time, make transactions in securities for their own account(s) and in doing so may take positions that are the same as, similar to, or the opposite of those recommended to the firm's clients, due to the variation in different persons' financial needs, goals and risk tolerance. Such transactions are modest in size and occur in securities that are broadly traded and therefore cannot affect their market prices. Client orders always take precedence over any proprietary account.

The possible conflicts of interest that arise whenever we recommend, or, in our discretion, buy or sell for you a security that we may also buy or sell for ourselves are

- using your order's market effect to benefit ourselves ("front running");
- using your order as "inside information" that would give us an unfair advantage in the markets to benefit ourselves or any other person (which is an illegal act);
- gaining a lower brokerage cost for ourselves in bunching orders, which can create an incentive to involve your account in that transaction.

Does any person in our firm participate in or have an interest in our clients' transactions? How does such a person participate or what is the interest and what conflicts of interest can that create? ["Participation or interest in Client Transactions" means the adviser or a related person recommends to clients, or buys or sells for client accounts, securities in which the adviser or a related person has a material financial interest.]

No; no person in our firm participates in our clients' transactions in this manner.

SEC NOTE : Conflicts could arise if an adviser recommends that clients invest in a pooled investment vehicle that the firm advises or for which it serves as the general partner, or when an adviser with a material financial interest in a company recommends that a client buy shares of that company.

11. D. **Personal Trading** : investing in the same or related securities **at the same time**.

What specific conflicts do we have when our firm or a related person trades in the same securities at or about the **same time** as it places trades for a client's account?

Our practice is to place client trades before our own trades on any given day.

Note: "The SEC generally dislikes 'contemporaneous' trading," that is, that anyone in our firm might enter an order for her or his own account at the same time as an order in the same security for a client. Note that these restrictions are not applied to investments in mutual funds that are unaffiliated with our firm. Unaffiliated means a mutual fund that we have not ourselves created or helped establish and/ or in some way act as the fund's managers.

The SEC has stated that "an adviser's ability to place its own trades before or after client trades in the same security may affect the objectivity of the adviser's recommendations" and therefore states further that the SEC believes *disclosure of this practice* is warranted. The SEC has not in that opinion stated a specific length of time before or after. In that respect it could also be noted conversely that clients might have reservations in employing an adviser who does not invest in the same securities the adviser recommends.

What internal controls do we have to prevent our firm and/ or our staff from buying or selling the same or related securities at the same time as we may be placing orders for our clients' accounts?

[SEC : *In the Matter of Thomson McKinnon Asset Management, L.P.*, Investment Advisers Act Release No. 1243 (July 26, 1990) (settled order).] [See, e.g., *In the Matter of Chancellor Capital Management, Inc., et al.*, Investment Advisers Act Release No. 1447 (Oct. 18, 1994) (settled order).] ...// 11.B, 11.C, and 11.D The SEC does not require disclosure with respect to securities that are not "reportable securities" under Advisers Act rule 204A-1(e)(10), such as shares in unaffiliated mutual funds.- such securities are not reportable under Rule 204A-1 because they appear to present little opportunity for front-running.

Item 12 :Brokerage Practices.

12. A.. Does our firm select a broker/ dealer for you? On what basis do we do so? How do we determine the reasonableness of the broker's compensation (commission charges)?

We do recommend one or more specific broker-dealers for our clients' transactions. They are Charles Schwab & Co., Inc., ("Schwab" or "Charles Schwab") and Mutual Securities, Inc., registered broker-dealers and SIPC members.

Limitations on the firm's authority to select brokers through which to effect clients' transactions may vary depending upon the desires of each client. Clients retain the right to designate the broker through which transactions in their accounts will be effected. In the absence of such instructions from a client, securities transactions are effected through broker-dealers selected by the adviser.

In choosing a broker to effect transactions, Santa Barbara Advisors, Inc. considers security price, speed of execution, a broker-dealer's capability to process transactions, and other fees that may be incurred in accounts if the client's custodian does not conduct a transaction itself. The firm may recommend Charles Schwab or Mutual Securities Inc. to effect its recommendations, as we believe their fees would be near or at the lowest possible for our clients.

12. A. 1. Research and other "Soft Dollar" benefits :

Do we have any conflicts of interest such as receiving "soft dollars" from the broker/ dealer? No, we do not accept any soft dollar benefits or arrangements, such as research, whether the broker's own or from a third party source.

The firm may from time to time aggregate orders for the purchase or sale of identical securities on behalf of its clients. By doing so the firm believes that it may obtain better execution prices or investment opportunities. Some clients accounts are discretionary and the firm will use its best effort to utilize the most appropriate and cost effective option available, however, other client accounts custodied at a broker dealer without such restrictions will have a broader range of investment options available. In such an account clients are notified by mail shortly after every transaction has taken place. Amounts of such investments are also discretionary in these accounts.

Required disclosures / explanations:

[a.] If an adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the adviser receives a benefit in not having to produce or purchase them itself.

[b.] Any such benefit creates an incentive to select or recommend the broker-dealer that provides it; an adviser's duty is to select a broker-dealer based on the most favorable execution services for the adviser's clients.

Question disclosures:

[c.] Do we "pay up" to obtain soft dollar benefits (that is, do we pay more than the lowest available commission rate)? No, we do not receive any soft dollar benefits. Therefore the question, "Do we make our clients pay commissions (or markup or markdowns) higher than those charged by other broker-dealers in return for 'paying-up'?" is not applicable.

[d.] Do we use soft dollar products, research or other items for the benefit of all our clients or only certain clients? No, we do not. Therefore the question, "Do we allocate benefits proportionately to accounts as those accounts generate the soft dollars by our directing brokerage to a specific broker-dealer?" is not applicable.

[e.] The types of products, services or other benefits our firm or any of its related persons acquired in our firm's last fiscal year due to directing our clients' brokerage to [broker dealer name] are : [not applicable] [["Merely disclosing that the firm receives various research reports and products is not specific enough"](#)] [["greater detail for soft dollar items that do not qualify for the safe harbor in Section 28\(e\) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution"](#)].

[f.] The procedures our firm used during its last fiscal year to direct our clients' transactions to a particular broker-dealer in return for soft dollar benefits received were : This does not apply to Santa Barbara Advisors, Inc..

Clients need to understand that "soft dollars" are an enticing benefit for an adviser in so far as they provide access to research and / or other products both of use to the adviser in its business and at no expense to the adviser. Clearly, such an enticement creates an incentive to use the broker-dealer in question and may cause the adviser to use a broker that charges the adviser's clients higher commission rates than another broker-dealer. An adviser has a duty to seek the best execution of trades for its clients, which includes considerations in addition to the commission rate, however.

Are there additional, material conflicts of interest involved in our use of directed brokerage, due to a relationship with the broker-dealer? No, there are not.

12. A. 2. Brokerage for client referrals : Do we direct brokerage to a specific broker-dealer in return for client referrals either to our firm or to a related firm? [*includes referrals from a BD or other third party.*] No, we do not.

The inherent conflict of interest in this practice stems from an adviser's fiduciary duty to the client to put the client's interests first. The referrals create an incentive to use the broker-dealer not for the services a client will receive, but due to the benefit to the advisory firm. Directed brokerage may result in brokerage costs that are higher than a client might obtain from another broker-dealer.

12. A. 3.

[a] Do we "routinely recommend, request or require" our clients to direct brokerage? No, we do not. Clients should know that not all advisers do require directed brokerage.

Is the broker-dealer in question an affiliate of our firm or have some other economic relationship? No. It should be disclosed that Mr. Weymouth's son is a registered representative of Mutual Securities, Inc., one of the broker dealers the advisory firm may recommend to its clients. We inform our clients here that such a relationship may be seen as creating an inherent risk for a conflict of interest. By directing brokerage an advisor may not be able to achieve the most favorable execution for client transactions, at an increased cost to our clients than they might have incurred with another broker-dealer.

[b] Do we permit a client to direct brokerage to a specific broker-dealer? Yes. Our practice is to recommend Schwab or National Financial Services. Clients should understand that their choice of broker-dealer may lead to higher brokerage costs than they might have otherwise obtained, due to higher rates or an inability to aggregate orders and thereby reduce transaction costs.

[*If the firm provides directed brokerage arrangements only subject to most favorable execution of client transactions, then the adviser need not use the statements above in 12. A. 3. A & b*]

12. B. When we place orders with a broker/ dealer for our clients, do we aggregate or "bunch" your trade order with orders for other clients?

We do not. Clients may not obtain the lowest commission as a result; our reason for not aggregating order is that, although clients allow us discretion, we normally discuss each transaction with each client prior to placing the order.

Item 13 :Review of Accounts.

13. A.

Does someone in our firm review your investment account portfolio and how often?

John Stanley Weymouth, the firm's owner, President and advisor representative, reviews all accounts on a quarterly basis at a minimum, usually in face-to-face interviews.

Because we send you an account statement, we urge you, our client, to compare carefully that account statement with any other statement you may receive from the account's qualified custodian.

13. B. What factors might trigger a review in addition to our periodic reviews?

Major movements within the economy or the markets, or in specific securities may trigger more frequent reviews of portfolios. Based on economic events, geopolitical events, or changes in the financial situation of clients, accounts may be reviewed more frequently. Any change in a clients' financial situation or goals will also likely affect evaluations made regarding the structure of that clients' account(s). Clients are hereby strongly urged to bring such changes to the adviser's attention as soon as is practicable in order to assess what effects, if any, the changes may occur.

13. C. What regular reports do we or others provide you? Are they written reports? What do they contain?

Clients will receive the usual written and /or emailed reports from their broker-dealer, custodian, any mutual fund investment companies or other security in which they have invested.

Brokerage reports will show accounts' activity, holdings, and current valuation on a monthly or a quarterly basis. Brokerage confirmations will be sent for transactions effected in a given month.

Additionally, the firm provides its asset management clients with a quarterly report. Frequency and contents of other reports will generally vary with the needs and desires of the investor.

Item 14 : Client Referrals and Other Compensation.

A. Does someone other than a client of our firm pay our firm or related persons, or otherwise provide some economic benefit to our firm, for the investment advice we provide to our clients? [\[12b-1 fees; other; sales awards or prizes\]](#) No, this does not apply to Santa Barbara Advisors

B. Does our firm or a firm related to us through some form of ownership pay someone, directly or indirectly, for client referrals? Currently the firm does not do so, but likely will, beginning 2011.

Item 15: Custody.

Does our firm have custody of your assets? No, it does not, except the practice of billing the client's account held by the custodian, which does not require an audit. The firm does send each client an invoice in advance of the deduction from the account.

Who is the qualified custodian of your assets' account? Charles Schwab or National Financial Services.

The custodian will mail to you a monthly financial statement. NOTE : These statements should be reviewed carefully. It is not the custodian's responsibility to ascertain the accuracy of the calculation for fees subtracted from your account.

Item 16 : Investment Discretion.

Does our firm have discretionary authority over your assets? Our clients give us written, signed permission in a limited power of attorney to exercise discretion over the choice of securities to be bought or sold, in what amounts and at what time or price.

What limitations are there, or can you place, on our discretionary authority? All discretionary transactions must be limited to the agreed-upon risk tolerance and the types of securities stated in this Disclosure Brochure and the established parameters for suitability.

Item 17. : Voting Client Securities.— proxy voting practices

A. Does our firm have or will it accept authority to vote client securities? No, it does not. Because we do not vote our clients' proxies, there are no conflicts of interest.

B. This is our policy and our procedures : that we do not vote proxies. We state this in our agreement and here in these disclosures. Our firm urges our clients to read and participate in the voting process tied to the shares they own in various companies as an excellent means for our clients to become familiar with those companies in which they are invested.

[This item parallels rule 206(4)-6 under the Advisers Act, which, among other things, requires advisers registered with the Commission to disclose certain information about their proxy voting practices.]

Item 18 :Financial Information.

A. Custody situations : Does our firm have custody of your funds or your securities investments? Do we require prepayment of a fee of \$1,200 or more (\$500 for state registered firms), 6 or more months in advance of services? We do require any prepayment of fees.

Direct Billing : We do, if clients wish and allow it, bill our advisory fees to those clients' accounts held by the custodian. This practice, while defined as "custody," does not carry with it the requirement that we have an annual audit.

Trustee for an advisory client : We are not.

Notes : *[an adviser that requires prepayment of more than \$1,200 in fees per client, six or more months in advance, must give clients an audited balance sheet showing the adviser's assets and liabilities at the end of its most recent fiscal year]*

1. An investment advisory firm that does have custody must include in this brochure a balance sheet prepared in accordance with GAAP (Generally Accepted Accounting Principles), audited by an independent, public accountant and accompanied by a note stating principles used to prepare it, the basis of the securities included, and any other explanations required for clarity.
2. It must show parenthetically the market or fair value of securities included at cost.
3. The independent public accountant's qualifications and accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

[[If the firm has not yet completed its fiscal year, include a balance sheet dated not more than 90 days prior to the brochure's date.] / [Exception : The firm is not required to respond to Item 18. A. if it also is (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.]

18. B. Financial difficulties : If our firm has discretionary authority over your assets [see Item 16] or custody of our clients' securities or funds, or require or solicit prepayment of fees of \$1,200 or more (for SEC registrants, but only \$500 or more for state registrants), six or more months in advance, then we must disclose if there is any financial condition reasonable likely to impair our firm's ability to meet its contractual commitments to its clients.

Does our firm have any financial condition that could reasonably seem likely to impair our ability to meet our contractual commitments to you, our client? This question is important, especially if an investment adviser has discretion, custody or both; if our financial condition were precarious, our clients would be exposed to increased risks that we might not manage their assets properly, according to the SEC. Prepaid fees might not be refunded if an advisory firm were to cease being able to do business due to insolvency.

No, it does not. Nor does it have any prepaid fees.

The SEC cautions advisers that their fiduciary duty of full and fair disclosure may require them to continue to disclose any precarious financial condition promptly to *all* clients, even clients to whom they may not be required to deliver a brochure or amended brochure. If an adviser has discretionary authority over client assets, has custody of client funds or securities, or meets certain other requirements, then the adviser must disclose any financial condition reasonably likely to impair the adviser's ability to meet contractual commitments to clients.

18. C. Has our firm been the subject of a bankruptcy petition during the last 10 years?
No, it has not.

Item 19 :State Registrant Information. [not applicable]

If you are registering or are registered with one or more *state securities authorities*, you must respond to the following additional Item.

- A. Identify each of your principal executive officers and *management persons*, and describe their formal education and business background. If you have supplied this information elsewhere in your Form ADV, you do not need to repeat it in response to this Item. [See Item 4 and Part 2B for Mr. Weymouth.](#)
- B. Describe any business in which you are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business. If you have supplied this information elsewhere in your Form ADV, you do not need to repeat it in response to this Item. . [\[see Item 10: Other Financial Industry Affiliations\]](#)
- C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a *supervised person* are compensated for advisory services with *performance-based fees*, explain how these fees will be calculated. Disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the *client*.
- D. If you or a *management person* has been *involved* in one of the events listed below, disclose all material facts regarding the event.
 - 1. An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500, *involving* any of the following:
 - (a) an investment or an *investment-related* business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.
 - 2. An award or otherwise being *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding involving* any of the following:
 - (a) an investment or an *investment-related* business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.
- E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your *management persons* have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

Part 2B: The Brochure Supplement : Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

Item 1. Cover Page.

This brochure supplement provides information about John Weymouth that supplements the Santa Barbara Advisors, Inc.'s brochure. You should have received a copy of that brochure. Please contact Mr. John Weymouth if you did not receive Santa Barbara Advisors, Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Weymouth is available on the SEC's website at www.adviserinfo.sec.gov.

John Weymouth
Born : 1943

Item 2. Educational Background and Business Experience

Mr. John Weymouth, (CRD # 464303) the firm's President, was born in 1943. He attended Brigham Young University and received a BA in Economics in 1967 and an MBA in 1968.

From 1981 to December 1999 he was an owner, Vice President and an agent of Santa Barbara Securities, Inc. an NASD (FINRA)-registered broker-dealer. He is Santa Barbara Advisors, Inc.'s founder, sole principal and managing member. As such he is responsible for the oversight and management of all aspects of the firm's operations, including portfolio management. Santa Barbara Advisors, Inc. was registered with California as an investment advisory firm in April 2000.

Prior to founding Santa Barbara Advisors, Inc. in 2000, Mr. Weymouth

- was a registered representative for Investment Security Corporation, 3.2007 – 1.2009
- was an independent broker with Mutual Securities, Inc. 6.2000 – 3.2007
- was dually licensed with Santa Barbara Securities, Inc from 4.2001 to 12.2004.

Mr. Weymouth has passed the Uniform Securities Agent State Law Examination, Series 63 (12.19.1980)

Item 3. Disciplinary Information. [Item 3 requires disclosure of any legal or disciplinary event that is material to a client's evaluation of the supervised person's integrity.](#)

The Investment Adviser Public Disclosure site includes the following information. "Are there events disclosed about this Investment Adviser Representative? Yes." The event was a customer dispute regarding mutual funds' suitability; the complaint was received 11.24.2003. _____ The matter was settled _____

[The Commission presumes certain disciplinary events are material to such an evaluation if they occurred during the last ten years. Disclosure of any event for which the supervised person had ever resigned or otherwise relinquished a professional attainment, designation or license in anticipation of it being suspended or revoked \(other than for suspensions or revocations for failure to pay membership dues\). To clarify, this disclosure need only be made if the adviser knew or should have known that the supervised person relinquished his or her designation or license.](#)

[Permitting advisers to hyperlink to these systems \[to disciplinary information available through the FINRA BrokerCheck system as](#)

well as the IAPD system] may minimize the costs of brochure supplements by leveraging existing infrastructure established by broker-dealer and adviser regulation. To take advantage of this provision, the brochure supplement must be delivered electronically and must include: (i) a statement that the supervised person has a disciplinary history, the details of which can be found on BrokerCheck or the IAPD (as the case may be); and (ii) a hyperlink to the relevant system with a brief explanation of how the client can access the disciplinary history.

Item 4. Other Business Activities. Item 4 requires an adviser to describe other business activities of its supervised persons. The item specifically requires disclosure with respect to other capacities in which the supervised person participates in any investment-related business. Mr. Weymouth has no other business activities or arrangements other than his advisory services to his clients.

Item 5. Additional Compensation. This item requires that the supplement describe arrangements in which someone other than a client gives the supervised person an economic benefit (such as a sales award or other prize) for providing advisory services. Mr. Weymouth has no other business activities or arrangements other than his advisory services to his clients.

Item 6. Supervision. This item requires an adviser to explain how the firm monitors the advice provided by the supervised person addressed in the brochure supplement. It also requires a firm to provide the client with the name, title, and telephone number of the person responsible for supervising the advisory activities of the supervised person. Mr. Weymouth is his own supervisor. His personal trading activities are limited to a 401K pension account.

Item 7. State Registration requirements Mr. Weymouth maintains his registration as an investment advisor representative for his firm with the California regulator.

Part 2B: The Brochure Supplement : Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

Item 1. Cover Page.

This brochure supplement provides information about Paul Weymouth that supplements the Santa Barbara Advisors, Inc.'s brochure. You should have received a copy of that brochure. Please contact Mr. John Weymouth if you did not receive Santa Barbara Advisors, Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Paul Weymouth is available on the SEC's website at www.adviserinfo.sec.gov.

Paul Gregory Weymouth

Born : 8.23.1972

Item 2. Educational Background and Business Experience

Mr. Paul Weymouth (CRD # 5488278) is currently an investment adviser representative for the firm. He has been registered with Santa Barbara Advisors, Inc. since August of 2011. Mr. Paul Weymouth graduated from Washington State University with a Masters Degree in Business in 2004. Mr. Paul Weymouth passed the Series 66 examination on ???.

John Weymouth is related to Paul Weymouth. John Weymouth is Paul Weymouth's father.

Prior or other current employments :

6.2004 – 8.2010 : Mutual Securities., a Registered Broker Dealer Camarillo, CA : where Mr. Paul Weymouth was a registered representative.

Item 3. Disciplinary Information. Item 3 requires disclosure of any legal or disciplinary event that is material to a client's evaluation of the supervised person's integrity.

The Investment Adviser Public Disclosure site includes the following information. "Are there events disclosed about this Investment Adviser Representative?"

Item 4. Other Business Activities. Item 4 requires an adviser to describe other business activities of its supervised persons. The item specifically requires disclosure with respect to other capacities in which the supervised person participates in any investment-related business

Item 5. Additional Compensation. This item requires that the supplement describe arrangements in which someone other than a client gives the supervised person an economic benefit (such as a sales award or other prize) for providing advisory services.

Item 6. Supervision. This item requires an adviser to explain how the firm monitors the advice provided by the supervised person addressed in the brochure supplement. It also requires a firm to provide the client with the name, title, and telephone number of the person

responsible for supervising the advisory activities of the supervised person.

Mr. John Weymouth is Mr. Paul Weymouth's supervisor. Mr. John Weymouth reviews Mr. Paul Weymouth's personal trading activities.

Item 7. State Registration requirements

Advisers may elect to prepare a supplement for each supervised person. Alternatively, they can prepare separate supplements for different groups of supervised persons (e.g., all supervised persons in a particular office or work group). To promote comparability of brochure supplements, we are requiring that a brochure supplement must be organized in the same order, and contain the same headings, as the items appear in the form, whether provided in a brochure or separately.

Deliver a brochure to clients

An advisory firm must give a firm *brochure* to each *client* before or at the time it enters into an advisory agreement with that *client*. See SEC rule 204-3(b) and similar state rules.

Each year the IA firm must (i) deliver, within 120 days of the end of its fiscal year, to each *client* a free updated *brochure* that either includes a summary of material changes or is accompanied by a summary of material changes, or (ii) deliver to each *client* a summary of material changes that includes an offer to provide a copy of the updated *brochure* and information on how a *client* may obtain the *brochure*. See SEC rule 204-3(b) and similar state rules.

The IA firm does not have to deliver an interim amendment to *clients* unless the amendment includes information in response to Item 9 of Part 2A (disciplinary information). An interim amendment can be in the form of a document describing the material facts relating to the amended disciplinary event. See SEC rule 204-3(b) and similar state rules.

Note: As a fiduciary, an advisory firm has an ongoing obligation to inform its *clients* of any material information that could affect the advisory relationship. As a result, between *annual updating amendments* the firm must disclose material changes to such information to *clients* even if those changes do not trigger delivery of an interim amendment. See General Instructions for Part 2 of Form ADV, Instruction 3.

Question: May an advisor deliver its *brochure* electronically? Yes. The SEC has published interpretive guidance on delivering documents electronically, which advisors can find at <www.sec.gov/rules/concept/33-7288.txt>.