



**FIRM BROCHURE**  
(Part 2A of Form ADV)

**May 2, 2012**

**Block Wealth Management, Inc.**

4909 Murphy Canyon Road, Suite 130

San Diego, CA 92123

Telephone: (760) 796-5550

Fax: (760) 796-5559

**Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Block Wealth Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (760) 796-5550. 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.**

**Block Wealth Management, Inc. is a state registered investment adviser; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

**Additional information about Block Wealth Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 1: COVER PAGE

Please refer to previous page.

## ITEM 2: MATERIAL CHANGES

Block Wealth Management, Inc. (“BWM”) has made changes to its Form ADV Part 2A to reflect certain changes to BWM’s business practices. Specifically, changes were made to this Brochure as follows:

- Item 4 – updated to reflect changes in services provided and that BWM no longer recommends the use of third party advisers
- Item 5 – updated fee information to reflect charging of hourly fees for certain services and outline circumstances for financial planning fees being offset by investment advisory fees
- Item 7 – updated to remove reference to BWM providing services to charitable organizations
- Item 8 – updated to remove reference of use of third party advisers
- Item 10 – updated to reflect that certain firm principals are Certified Public Accountants
- Item 13 – updated to reflect names of account reviewers
- Item 14 – updated information regarding referral services and who provides insurance services
- Item 16 – updated to remove reference to third party advisers

BWM’s prior Form ADV Part 2A is dated February 22, 2012. BWM encourages each client to read the Brochure carefully and to call us with any questions you may have.

Pursuant to requirements, BWM will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of BWM’s fiscal year, along with a copy of the Brochure or an offer to deliver the Brochure upon request. Additionally, as the Firm experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover, along with a copy of this Brochure or an offer to provide the Brochure.

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## **Item 4: Advisory Business**

### **A. Description of Firm**

Block Wealth Management, Inc. ("BWM" or the "Firm") is a San Diego, California-based investment management firm founded in 2008. As further detailed in Item 4.B below, BWM offers services covering the areas of financial planning, portfolio construction, asset management, portfolio tracking services, and fiduciary services to retirement plan sponsors. The Firm typically provides its services to individuals, including high net worth individuals, trusts, estates, , and pension and profit sharing plans. Some of the investment instruments BWM advises its clientele on include, among other things, mutual funds, exchange traded funds ("ETFs"), equities, bonds, options, treasuries, certificates of deposit and private placements. BWM is currently a state registered investment adviser and a California corporation.

BWM's principal owner is Kirk Block, who also serves as the Firm's President and Chief Compliance Officer. For information on his and other BWM investment adviser representatives' qualifications and business backgrounds, please refer to their respective Form ADV Part 2B Brochure Supplements.

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

BWM provides four types of advisory services: Financial Planning Services, Investment Advisory Services, Fiduciary Services to Retirement Plan Sponsors and Portfolio Tracking Services, each of which is more fully described below.

#### **1. Financial Planning Services**

BWM provides customizable services that may include a broad range of financial planning services (including non-investment related matters). Depending on each client's needs, BWM will review one or more of the following aspects ("Aspects") of a client's current and anticipated financial position:

- Business Planning
- Education Expense Planning
- Estate Planning
- Fringe Benefit Planning
- Income Tax Planning
- Investment Planning
- Retirement Planning
- Risk Management Planning
- Cash Management Planning
- Certified Public Accounting Services

BWM's approach to providing this service typically starts with gathering information, as applicable, regarding the client's current and anticipated income and income tax levels, current investment and non-investment assets, current and anticipated cash flow, investment risk

tolerance, family situation, fringe benefits, business interests, and any other necessary financial and personal information. BWM will perform an initial review of each selected Aspect individually in such order as BWM and the client agree. BWM then gives the client written recommendations in relation to each selected Aspect.

Once each Aspect has been reviewed and initial recommendations provided, BWM will provide periodic reviews thereafter and if necessary, update the written recommendations given to the client in relation to each Aspect. Generally, each periodic review will be completed every twelve (12) months.

In regards to BWM's financial planning services, clients should be aware of the following: (a) a conflict exists between our interests and the interests of our clients; (b) clients are under no obligation to act upon BWM's recommendations; and (c) if a client elects to act on any of our recommendations, such client is under no obligation to utilize BWM to implement the recommendations.

In performing its services, BWM entrusts that the client will provide accurate information and BWM will not be obligated to verify any information received from the client or from the client's other professionals. Moreover, clients are advised that it remains their responsibility to promptly notify BWM if there is ever any change in their financial situation during the financial planning process.

Prior to engaging BWM to provide financial planning services, the client is required to enter into an Investment Advisory Services Agreement with BWM setting forth the terms and conditions of the engagement, the scope of the services to be provided and associated fees that clients will pay.

Financial planning clients retain full discretion over all implementation decisions and are free to accept or reject any recommendations made by BWM. Clients also have the option of having BWM implement any or all investment recommendations. In addition, if requested by a client, BWM may recommend the services of other professionals for purposes of implementing the written recommendations. Clients are under no obligation to engage the services of any such recommended professional and are free to select any professional of their choosing.

## **2. Investment Advisory Services**

BWM also provides clients, including ERISA clients, with ongoing investment advisory services on a percentage fee basis. The Firm's diversified portfolio strategies typically consist of equities, fixed-income and/or cash management instruments, including mutual funds, stocks and bonds. We customize clients' portfolios according to their individual risk tolerance, time horizon and specific goals. Our equity-based securities selection emphasizes a long-term time horizon with growth and value management styles for all capitalizations. In addition to large-, mid- and small-cap stocks, international equities may be included to provide further diversification. For fixed-income securities, BWM utilizes mutual funds, bonds (US Treasuries, mortgage-backed bonds, municipal bonds, high quality or high yield corporate securities, foreign bonds), money market funds, and bank instruments with short-, intermediate- and long-term maturities. Generally, a short-to intermediate-term time frame is selected for U.S Treasuries, mortgage-backed bonds,

municipal bonds, high quality or high yield corporate securities, foreign bonds, and various bank instruments such as CDs.

Prior to engaging BWM to provide investment advisory services, the client is required to enter into an Investment Advisory Services Agreement with BWM setting forth the terms and conditions of the engagement, as well as describing the scope of the services to be provided.

These services may include:

- Establishing an Investment Policy Statement – BWM will create an investment statement to provide for the client's investment goals and objectives including the strategies to be used that are designed with a goal to meet these objectives. We will provide the client with specific information on investment time frame, risk tolerance and asset allocation strategies that will be used and monitored based on changing economic climates and investor objectives.
- Determining Portfolio Asset Allocation – BWM will formulate a long-term asset allocation strategy that specifies the percentage of assets to be invested between equity and fixed-income securities, money market funds, tangible assets and other securities. Equities will be further diversified based on company cap size and classification of domestic versus foreign, while fixed income will be selected based on maturities and "quality" of paper (high quality or high yield).
- Establishing New Accounts – BWM will assist clients in opening accounts by preparing initial applications and transfer forms, as well as help coordinate the transfer of cash and securities to the new accounts.
- Reporting by BWM – BWM will provide quarterly and year-end performance investment reviews detailing the client's portfolio activities and tracking client basis and investment returns.

Throughout this process, BWM will attempt to comply with the contents of the IPS in accordance with normal industry practice. In the event any securities are purchased outside of the criteria established by the IPS, BWM will take reasonable steps to bring the plan back within the guidelines outlined in the IPS.

Due to market fluctuations and other variables, the plan may not always correspond with the criteria established by the IPS. However, BWM will periodically rebalance the holdings in the client's portfolio(s) to attempt to keep it within the client's stated investment objectives.

Investment Advisory Services clients are allowed to impose reasonable restrictions on the types of securities and/or industries they do not want to be included in their portfolio. Once this information is gathered, each client is responsible for informing BWM in writing of any changes to these restrictions or to their overall investment objectives.

Upon request from an advisory client, BWM may provide a one time review of certain client investments, which are not being managed by BWM. This review is billed at an hourly rate, which is negotiated with the client at the time of the request.

### **3. Portfolio Tracking Services**

For Portfolio Tracking Services, BWM provides tax basis and performance tracking for investment portfolios not actively managed by BWM. The client retains full responsibility for making investment decisions in relation to the assets of any portfolio not managed by BWM. The accounts to be tracked are noted in a schedule to the Investment Advisory Services Agreement called the Schedule of Tracked Assets ("Tracked Assets").

Prior to engaging in Portfolio Tracking Services, the client is required to enter into an Investment Advisory Services Agreement with BWM setting forth the terms and conditions of the engagement, as well as describing the scope of the services to be performed. Under the terms of this agreement, BWM's services may include:

- Detailing the performance and tax basis of the Tracked Assets;
- Producing and uploading onto a website maintained by a third-party service provider a password protected electronic statement setting out the client's holdings and the estimated individual and consolidated values of the Tracked Assets; and
- Producing and uploading onto a website maintained by a third-party service provider a password protected investment report setting forth the client's holdings, the tax basis of those holdings, transactions and any expenses incurred during the preceding calendar quarter together with the individual and consolidated values of the Tracked Assets as of the last business day of the calendar quarter.

### **4. Fiduciary Services to ERISA Retirement Plan Sponsors**

At the beginning of the relationship, the ERISA Retirement Plan Sponsor will enter into a written ERISA Plan Advisory Agreement with BWM, which will outline the services to be provided and the fees to be paid by the ERISA plan. When rendering Fiduciary Services to ERISA Retirement Plan Sponsors ("Fiduciary Services"), BWM will first develop a customized investment policy statement ("IPS") for a retirement plan's responsible plan fiduciary ("RPF"). The IPS will generally detail a number of investment options and asset class categories to be offered to the RPF's plan participants with a goal of providing a menu of investments that will allow for the creation of one or more well-diversified, pre-planned globally asset allocated portfolios designed to provide for long-term appreciation and capital preservation through a mix of equity and fixed income investments.

After receiving the draft IPS, the RPF will either approve it or consult with BWM to make any desired amendments. Once the client and BWM agree that the IPS accurately describes the client's objectives, the client will approve it by providing BWM written acknowledgement that it is satisfied with the IPS the Firm had developed on its behalf.

Once the IPS is approved by the RPF, BWM will review the investment options available through the plan and will notify the plan's record keeper as to BWM's instructions to add, remove and/or replace specific "core" investment options to be offered to plan participants that meet the criteria set forth in the IPS. BWM will generally monitor the core investment options and, on a periodic basis, provide reports to the RPF and instructions to the plan's record keeper to remove and/or replace investments that no longer meet the agreed upon IPS criteria.

For client's receiving Fiduciary Services, BWM will retain decision-making discretionary authority with respect to removing and/or replacing investments in the plan's core lineup, and the Firm will have the responsibility of communicating instructions to third-parties in order to best carry out the client's stated and agreed upon objectives.

**C. Wrap-Fee Programs**

BWM does not provide its services to any wrap fee programs, as that term is defined the instructions to Form ADV Part 2.

**D. General Information about BWM's Advisory Services**

As indicated above, advisory services provided by BWM are customizable based upon the individual needs, objectives, and other financial goals of the client. Early on in the relationship, BWM will typically memorialize each client's investment objectives, risk tolerance, time horizons and other important and necessary information, including any investment guidelines, in an IPS. This information, together with any other information relating to the client's overall financial circumstances, will be used by the Firm to determine the most appropriate asset allocation and investment strategy to best meet the client's financial goals. There may be times when certain restrictions are placed by a client which prevent the Firm from accepting or continuing to service the client's account. BWM reserves the right to not accept and/or terminate a client's account if it feels that the client imposed restrictions would limit or prevent the Firm and/or the client from meeting and/or maintaining its objectives.

BWM will not assume any responsibility for the accuracy of the information provided by the client. The Firm is not obligated to verify any information received from the client or from the client's other professionals (*e.g.*, attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying the Firm in writing of any material changes to the client's financial situation, investment objectives, time horizon, tax status, risk tolerance or other material information that BWM may have relied upon in rendering its services. In the event that a client notifies the Firm of such changes, BWM will review the changes and may recommend revisions to the client's financial plan and/or portfolio.

**E. Amount of Client Assets Managed**

As of December 31, 2011, the following represents the amount of client assets under management by BWM on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$40,842,665
Non-Discretionary	\$12,927,021
Total:	<b>\$53,769,686</b>



## **F. Education and Business Standards of BWM's Representatives**

BWM requires that associates involved in the creation and review of financial plans and/or providers of advisory services demonstrate technical competency through accredited studies, recognized licensing requirements and industry experience. At a minimum, associates must either hold or be in pursuit of obtaining a Certified Financial Planning™ (CFP®), Certified Public Accountant (CPA) or other professional designations.

## **G. Client Agreements**

As mentioned above, prior to engaging BWM to provide the services outlined in Item 4.B above, clients are required to enter into a written agreement with BWM, which sets forth the terms and conditions of the engagement, the fees to be paid and the scope of the services to be provided.

A client or BWM may terminate the agreement by providing the other party with 30 days written notice. Upon the effective date of termination, BWM will cease to actively manage the client's account and will cease assessment of our fees as of that date. BWM will not liquidate the client's account(s), unless written instruction is provided with termination notice.

Neither BWM nor the client may assign the written agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of BWM shall not be considered an assignment.

## **ITEM 5: FEES AND COMPENSATION**

### **A. Compensation for Financial Planning Services**

BWM's fees for financial planning services are charged on a fixed fee basis and generally range from \$1,000 to \$15,000 annually, depending on the extent and complexity of the services provided. For initial reviews and written plans, clients are billed one half of the fixed fee as a retainer upon execution of the Investment Advisory Agreement, with the remainder due and payable within thirty (30) days after completion of the initial review and delivery of written plan. For periodic reviews and plan updates, clients are billed one half of the fixed annual fee at the beginning of the periodic review, with the remainder due and payable within thirty (30) days after completion of the periodic review and delivery of any plan updates.

As negotiated, and at the sole discretion of BWM, fees for financial planning services may be offset by investment advisory fees. This generally happens when a high net worth financial planning client with investment assets of \$3 million or more enters into an advisory agreement with BWM.

Financial planning fees are subject to negotiation in BWM's sole discretion. Upon termination of services, any unearned pre-paid fees will be refunded to the client.

**B. Compensation for Investment Advisory Services**

For Investment Advisory Services, including implementation of a client's financial plan, BWM will charge an annual investment management fee, paid quarterly in advance, based upon a percentage of the assets under management with BWM. Fees are calculated as follows:

<b>Assets Under Management</b>	<b>Annual Advisory Fee (% AUM)</b>
Up to the first \$100,000*	1.0%
\$100,001 - \$499,999	1.0%
\$500,000 - \$999,999	0.75%
\$1,000,000 - \$2,999,999	0.50%
\$3,000,000 and over	Negotiable Rate

\*Investment accounts that total less than \$100,000 are managed by an appointed investment adviser representative other than BWM's President. There is no required opening account minimum. BWM may amend the fee schedule at any time by giving notice to the Client with immediate effect.

As stated above, Investment Advisory Services fees are billed quarterly in advance. By signing the Firm's Investment Advisory Services Agreement, the client authorizes BWM to request that the custodian remit payment for Investment Advisory Services fees from the client's account(s). Fees are automatically deducted from client's custodial account by the custodian and paid to BWM no sooner than the 5<sup>th</sup> (or prior closest business day) of the month following the end of the previous quarter. The amount due is calculated by dividing the annual fee by 4 and applying the quarterly fee percentage to the previous quarter-end account value(s). For accounts opened after the beginning of a new quarter, fees will be prorated. While "cash reserves" will be excluded from the advisory fee, cash earmarked for investments in the upcoming quarter will be subject to the normal fee rate. Based on specific client circumstances, certain exceptions may apply.

BWM will remit an invoice to the custodian and client (the latter is generally included with the client's quarterly report) showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. It is the client's responsibility to verify the accuracy of the fee calculation as the custodian will not determine whether the fee is properly calculated. All investment advisory fees paid directly to BWM will be reflected on the client's monthly brokerage statements that are prepared and sent to the client by the custodian.

Investment advisory fees may be negotiable for certain clients under certain circumstances and for clients with assets under management above \$3,000,000.

As mentioned in Item 4 above, BWM may, upon request from a client, provide a one time review of certain investments, which are not being managed by BWM. This review is billed at an hourly rate, which is negotiated with the client at the time of the request. The fee is due and payable at the completion of the review. BWM will remit an invoice directly to the client for payment of the fee.

### **C. Compensation for Portfolio Tracking Services**

Portfolio Tracking Services clients are generally charged a fixed fee on a per calendar quarter basis. BWM's fixed fee for this service ranges from \$250 to \$1000 per quarter. The actual amount of Portfolio Tracking Services fees to be paid by the client is agreed upon in writing by BWM and the client at the time of engagement. BWM may amend its tracking fee at anytime by notifying clients at least thirty (30) days before the start of a calendar quarter in which the fee is to be amended. The Portfolio Tracking Services fee is generally due and payable on the fifth (5<sup>th</sup>) business day of each calendar quarter for the services to be provided in that calendar quarter. The first tracking fee shall be due on and prorated to cover the period from the date hereof through the end of the calendar quarter. Should the client or BWM elect to terminate their relationship during a calendar quarter, BWM will refund any unearned pre-paid Portfolio Tracking Services Fee, calculated from the effective date of termination.

Clients will be provided an invoice each quarter outlining the Portfolio Tracking Services fee due and payable. Clients that are receiving investment advisory services from BWM have the option to provide BWM with written permission to have their custodian debit the amount of such fees on a quarterly basis from the Client's investment advisory account.

### **D. Compensation for Fiduciary Services to Retirement Plan Sponsors**

For Fiduciary Services, BWM will charge an annual investment management fee, paid quarterly in arrears, based upon a percentage of plan assets under management with BWM. Fees are calculated as follows:

<b>Plan Assets</b>	<b>Quarterly Fee Paid in Arrears</b>
Up to the first \$1,000,000	0.1875%
Over \$1,000,000 up to \$3,000,000	0.1250%
Over \$3,000,000 up to \$10,000,000	0.1000%
Over \$10,000,000 up to \$25,000,000	Negotiable Rate

For Fiduciary Services, the client will pay BWM a quarterly advisory fee no sooner than the fifth (5<sup>th</sup>) business day of each calendar quarter (or on such later date determined by the Firm at its sole discretion) for Fiduciary Services provided during the previous calendar quarter. The Fiduciary Services fee will be calculated in accordance with the above fee schedule based on the market value of the client's portfolio, determined as of the last business day of the previous calendar quarter. Portfolio assets are valued in such manner as is reasonably determined in good faith by the Firm to reflect the fair market value of the portfolio.

The amount due is calculated by applying the above tiered quarterly fee percentage to the previous quarter-end account value(s). For accounts opened after the beginning of a new quarter, fees will be prorated to reflect the number of days during the quarter that the Firm rendered its services. Based on specific client circumstances, certain exceptions may apply.

Fiduciary Services fees may be negotiable for certain clients under certain circumstances and for plans with assets under management between \$10,000,000 and \$25,000,000. Clients receiving Fiduciary Services are subject to a minimum annual flat fee of \$1,500, which may be waived or varied in the Firm's sole discretion.

Upon termination of the Fiduciary Services, all earned, unpaid fees will be due and payable.

**E. General Information on BWM's Compensation and Fees**

Clients should understand that the BWM fees described in the sections above do not include certain charges imposed by third parties such as custodial fees, mutual fund fees and expenses, and execution costs. Client assets may also be subject to transaction costs, retirement plan administration fees (if applicable), deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Client assets invested in mutual funds will be subject to certain fees and expenses imposed directly by mutual funds to their shareholders, which shall be described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the sponsor also imposes sales charges, a client may pay initial or deferred sales or surrender charge. Additionally, clients may incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account. Please refer to Item 12 of this Brochure entitled "Brokerage Practices" for additional important information about the Firm's brokerage and transactional practices.

Kirk Block (CA Insurance License #0B27948) is a licensed insurance agent with various insurance agencies. To the extent that Mr. Block recommends the purchase of certain insurance policies or products to clients, Mr. Block may receive commissions if the client elects to act upon such a recommendation. The receipt of the commissions creates a conflict of interest. In order to address this conflict, BWM has adopted certain procedures designed to mitigate the effects of this conflict. For example, as part of BWM's fiduciary duty to clients, the Firm and its investment adviser representatives will endeavor at all times to put the interests of clients first, and recommendations will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client. Additionally, this conflict of interest presented by this practice is disclosed to clients at the time of entering into any new advisory arrangement. Clients are not obligated to implement recommended insurance or financial planning transactions through BWM or any BWM representative or insurance agent or recommended agency. Clients have the option to purchase any recommended investment or insurance products or policies through agents other than BWM and its investment adviser representatives.

BWM clients have the right to terminate their agreement with BWM upon 30 days written notice to BWM. In these circumstances, BWM's fee shall be prorated through the date of termination and any remaining pre-paid unearned balance shall be refunded to the client in a timely manner and any earned, un-paid balance shall be due and payable.

The fees charged for BWM's Investment Advisory Services, Financial Planning Services, Portfolio Tracking Services, and Fiduciary Services are calculated as described above and are not charged on the basis of a share of capital gains or the performance of the client's account.

Clients may purchase some investments directly without the services of BWM. In that case, the client would not receive the services provided by BWM, which are designed, among other things, to assist the client in determining which money managers and possible investments are appropriate to the client's financial situation and objectives. The client should review both the fees charged by certain investments (*e.g.*, mutual funds, ETFs) and the fees charged by BWM to fully understand the total amount of fees that will be paid by the client. Only then will the client be able to fully evaluate the services being provided and the fees being paid. Although BWM believes its fees for all its services provided are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

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

BWM does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, the Firm does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described in Item 5, above, BWM provides its services for a fixed fee and/or based upon a percentage of assets under management.

## **ITEM 7: TYPES OF CLIENTS**

### **A. Description**

BWM provides its services to individuals, high net worth individuals, pension and profit sharing plans, trusts, and estates.

### **B. Conditions for Managing Accounts**

BWM does not impose a minimum portfolio size or a minimum initial investment to open an account, but does reserve the right to accept or decline a potential client for any reason in its sole discretion. Prior to engaging BWM to provide Investment Advisory Services, Financial Planning Services or Portfolio Monitoring Services described in this Brochure, the client will be required to enter into one or more written agreements with BWM setting forth the terms and conditions under which the Firm will render its services.

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

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

Generally, BWM uses a variety of analytical information to assist with its security analysis. However, the primary types of methods of analysis used by BWM are fundamental and technical analysis, and from time to time cyclical analysis. The sources of information used by BWM include, but are not limited to, market news reports, financial publications, corporate rating services, outside research reports, annual reports, prospectuses, regulatory filings, company press releases, and interpretation of exchange market data.

The investment strategies BWM may pursue on behalf of clients may include long- and short-term purchases, short sales, trading on margin, and option writing including covered options, uncovered options or spreading strategies. The Firm may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. BWM may also recommend specific stocks to increase sector weighting and/or dividend potential, or may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. Additionally, BWM may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

BWM structures its portfolios using the principles of Modern Portfolio Theory ("MPT"). MPT is an investment methodology that suggests that investors may benefit from having a portfolio of holdings invested in a variety of assets classes. To the extent that these asset classes are non-correlated, the constructed portfolio will aim to experience investment returns with mitigated risk. BWM constructs client investment portfolios based upon the premise that asset allocation models can be developed, using historical performance data and academically tested assumptions about the future, for optimizing the risk-adjusted expected rate of return of a given portfolio. BWM offers a selection of modeled portfolios which offer a range of equity and fixed income exposure levels. BWM assists clients in selecting a modeled portfolio based upon the risk profile of the client.

BWM primarily utilizes the Dimensional Fund Advisors ("DFA") family of funds to construct client investment portfolios. BWM has determined that the DFA funds most effectively represent the asset classes needed to provide the best opportunity to fully implement the asset allocations of client portfolios.

## **B. Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Prior to entering into an Investment Advisory Services Agreement with BWM, a client should carefully consider: 1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, 2) that volatility from investing in the stock market can occur, and 3) that over time the client's assets may fluctuate and at anytime be worth more or less than the amount invested.

Past performance is in no way an indication of future performance. BWM cannot offer any guarantees or promises that a client's investment goals and objectives will be met.

Some of risks of loss a client should be aware of include, but are not limited, to the following:

- 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 stock, bond, mutual fund or other security 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.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- 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.
- Political and Legislative Risks: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning and with significant impact, this is especially true for companies operating outside of the United States or that conduct a portion of their business outside of the United States.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (*i.e.* interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others unsystemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is an active market for the 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 bankruptcy and/or a declining market value.

BWM clients may also elect to open margin accounts. Clients should be aware that there are a number of additional risks that all investors need to consider in deciding to trade securities on margin. The risks associated with margin include, but are not limited to, the following:

- Clients can lose more funds than they deposit in the margin account. A decline in the value of securities that are purchased on margin may require the client to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in the account.
- The lending firm may be able to force the sale of securities in a margin account. If the equity in margin account falls below the maintenance requirements under the law—or the lending firm's higher "house" requirements—the firm may be able to sell the securities in

the margin account to cover the margin deficiency. Clients using margin may also be responsible for any short fall in the account after such a sale.

It is important that investors take time to learn about the risks involved in trading securities on margin, and investors should consult BWM's advisers regarding any questions or concerns they may have with their margin accounts.

Historically, BWM has recommended certain investments in private placements to its clients as part of a client's overall investment strategy. Such investments present special risks for the clients, which include without limitation, limited liquidity, higher fees, volatile performance, heightened risk of loss, limited transparency, special tax considerations, subjective valuations and limited regulatory oversight. Therefore, private placements may not be suitable for all BWM clients. Generally, such investments are available for investment only to a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933. Private placements also often impose performance-based fees or incentive allocations payable to the fund manager or general partner. Such performance-based fee/incentive allocation structures may create an incentive for the managers of the private placement to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee/incentive allocation structure. It is important that each potential qualified investor fully read each offering or private placement memorandum prior to investing to better understand the risks associated with the investment. BWM currently does not recommend any private placements to clients.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers such as BWM are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. BWM does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item.

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

### **A. Financial Industry Activities and Affiliations**

Kirk Block (CA Insurance License #0B27948; NH Insurance License #0421802) is a licensed insurance agent with various insurance agencies. To the extent that Mr. Block recommends the purchase of certain insurance policies or products, Mr. Block may receive commissions if the client elects to act upon such a recommendation. The receipt of the commissions creates a conflict of interest. In order to address this conflict, BWM has adopted certain procedures designed to mitigate the effects of this conflicts. For example, as part of BWM's fiduciary duty to clients, the Firm and its investment adviser representatives will endeavor at all times to put the interests of clients first, and recommendations will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client. Additionally, this conflict of interest presented by this practice is also disclosed to clients at the time such an insurance policy or product is recommended. Clients are not obligated to implement any recommended insurance or financial plan transactions through BWM, any BWM representative or insurance agent, or recommended agency. Clients have the option to purchase any



recommended investment or insurance products or policies through agents other than BWM or its investment adviser representatives.

Both Kirk Block and Brian Basinger are Certified Public Accountants (CPA). While they do not perform traditional accounting services, they do provide certain tax advice to clients as part of BWM's Financial Planning Services (see Item 4 above for detailed description of services).

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Description of Code of Ethics**

State regulations impose a fiduciary duty on all investment advisers to act in the best interest of their clients. As a registered investment adviser, BWM's clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels the Firm and all of its employees to act with integrity in all dealings with clients. To that end, the Firm has adopted personal securities transaction policies in the form of a *Code of Ethics* ("Code"), which all BWM associated persons must follow. This Code provides personnel with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties formulating the basis of all of our client dealings. Specifically, the Code requires personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to personnel annually. BWM will provide a copy of the Code to any client or prospective client upon request. To obtain a copy of BWM's Code, please contact the Firm at (760) 796-5550.

BWM obtains information from a wide variety of publicly available resources. The Firm and its personnel do not have, nor claim to have, insider or private knowledge.

### **B. Participation or Interest in Client Transactions**

As stated in Item 11.A above, BWM and/or its related persons may take positions in the same securities as those recommended to clients. To mitigate the potential conflicts of interest associated with this practice, BWM's Code provides personnel with guidance in their ethical obligations regarding their personal securities transactions. In addition, the Code governs reporting personal securities trades, exempt transactions and securities, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution and annual review of the Code and enforcement processes. The Firm's chief compliance officer will also periodically review employee transactions to help ensure compliance with the Code and fulfillment of BWM's fiduciary obligations.

## ITEM 12: BROKERAGE PRACTICES

### A. Selection Criteria

When performing Investment Advisory Services, BWM generally recommends that client transactions be executed through the Schwab Institutional<sup>®</sup> division of Charles Schwab & Co., Inc. (“Schwab”). However, BWM has limited brokerage discretion to the extent that BWM offers clients a limited universe of available broker-dealer custodians. The Firm periodically evaluates the commissions charged and the service provided by the broker-dealer custodian and compares those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative broker-dealer custodians. Other factors the Firm may consider when evaluating its choice of broker-dealer custodian include:

- Ability to trade mutual funds and other investments that BWM determines suitable for a client's portfolio;
- Any custodial relationship between the client and the broker-dealer;
- Quality of customer service and interaction with BWM;
- Discount transaction rates; and
- Reliability and financial stability.

The broker-dealer custodian recommended by the Firm may not provide the lowest commission rate available taking into consideration factors outlined above.

For those clients who direct brokerage and select broker-dealers not recommended by BWM, clients should be aware that BWM may not be able to negotiate specific brokerage commission rates with the broker on the client's behalf, or seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and the Firm will have limited ability to ensure that the broker-dealer selected by the client will provide best possible execution.

### B. Soft Dollar Considerations

As indicated in Item 12.A, above, BWM maintains relationships with, and recommends the services of various qualified third party broker-dealer custodians. In connection with these relationships, BWM may receive certain benefits. As further described below, such benefits may include research reports, services and seminars, computer software and other products and services to assist the Firm in research and other facets of its day-to-day activities. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.” The Firm's receipt of soft dollar services and products benefit BWM since client brokerage commissions are used to obtain such benefits and the Firm does not have to produce or pay for the research, products or services. Consequently, BWM may have an incentive to select or recommend a broker-dealer based on these benefits rather than in the clients' interest in receiving most favorable execution. These practices may also cause clients to pay commissions that are higher than those that another qualified broker-dealer might charge to effect the same or similar transaction. Some of these services are provided to BWM as part of a “bundled package” from the broker-dealer. BWM

does not attempt to match a particular client's trade executions with broker-dealers who have provided research services which have directly benefited that client's portfolio. Rather, research services and other soft dollar benefits received by BWM are generally used for the ultimate benefit of all of its clients. Alternatively, some of the services may benefit only a specific segment of BWM's clients.

BWM receives the following soft dollar research and client services:

- Research data downloads from Schwab and TD Ameritrade

To help mitigate the conflicts of interest created by BWM's receipt of soft dollar benefits and to help ensure that broker-dealer custodians recommended by BWM are conducting overall best qualitative execution, BWM will periodically (and no less often than once annually) evaluate the trading process and brokers utilized. BWM will review the brokerage firm's services, their value added to BWM's investment process along with the broker's ability to affect trades in a fair and timely manner at competitive commission rates. At that time brokerage firms not currently utilized will be considered for inclusion if the President of BWM deems that such brokerage firms will significantly improve BWM's overall management of client accounts.

### **C. Directed Brokerage**

Under certain circumstances, BWM may allow a client to direct the Firm to execute all or a portion of client transactions through a specific broker ("Directed Brokerage"). If that is the case, the client should understand that: (1) BWM does not negotiate specific brokerage commission rates with the broker on client's behalf, or seek better execution services or prices from other broker/dealers and, as a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case; and (2) transactions for that account generally will be effected independently unless BWM is able to purchase or sell the same security for several clients at approximately the same time ("block trade"), in which case the Firm may include such client's transaction with that of other clients for execution by the same broker. If transactions are not able to be traded as a block, BWM may have to enter the transactions for the client's account after orders for other clients, with the result that market movements may work against the client. Therefore, prior to directing the Firm to use a specific broker-dealer, a client should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that he/she might not obtain commissions rates as low as it might otherwise obtain if BWM had discretion to select other broker-dealers. Consequently, Directed Brokerage may result in the client paying more money for brokerage services.

Subject to its objective to achieve best execution, BWM may decline a client's request to engage in Directed Brokerage if, in Firm's sole discretion, such Directed Brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

#### **D. Order Aggregation**

Generally, BWM effects transactions for each client account independently. However, when able to, the Firm may aggregate trades of accounts. Trade aggregation, or “bunching of orders,” may result in better execution and/or better realized prices. Because BWM’s Investment Advisory Services utilize various types of investments and securities, it may not be possible to bunch orders. Alternatively, even when possible, BWM may not be able to execute all shares of an aggregated trade because of prevailing market conditions and other variables, in which case the Firm will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. Ordinarily, the executing broker-dealer will provide an average price, and where possible, average transaction costs that will be allocated to all accounts participating in the aggregated trade. In certain cases, the Firm may not be able to purchase or sell the same security for all clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability and account restrictions. For clients requiring directed brokerage, typically the Firm may not be able to effectively “bunch” orders on the client’s behalf, which could impact the possible advantage clients derive from the aggregation of orders.

### **ITEM 13: REVIEW OF ACCOUNTS**

#### **A. Periodic Reviews**

While client accounts are monitored on an ongoing basis, BWM’s President and Chief Compliance Officer, Kirk Block, and Investment Adviser Representative and Financial Planning Associate, Brian Basinger undertake reviews of client accounts and financial plans not less than annually. Accounts and financial plans are reviewed for consistency with the investment strategy and other parameters set forth for the client’s account and financial plan, and to determine if any adjustments need to be made. Financial plans and client accounts are also reviewed upon request by the client.

#### **B. Other Reviews and Triggering Factors**

In addition to the periodic reviews described above, reviews may be triggered by changes in an account holder’s personal, tax or financial status. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company-specific events. Clients are encouraged to notify BWM and its representatives of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, risk tolerance, tax status, time horizon or other material information BWM may have relied upon during the course of providing its services.

#### **C. Regular Reports**

Written brokerage statements are generated no less than quarterly and are sent directly from the account custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. In addition to the regular

statements clients receive from their custodian, BWM may send clients detailed reports on a quarterly or monthly basis concerning relevant account and/or market-related information as well as an inventory of account holdings and account performance, as agreed to with the client. Clients are urged to compare the statements received from BWM to those sent by the account custodian and other third parties.

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

### **A. Compensation for Client Referrals**

While BWM does not currently have any solicitation arrangements in place, BWM may enter into contractual agreements in the future with individuals and organizations, some of whom may be affiliated or unaffiliated with BWM that solicit clients for BWM's services. If a client is introduced to BWM by either an unaffiliated or an affiliated solicitor, BWM may pay that solicitor a referral fee in accordance with the requirements of any corresponding state securities law requirements. Any such referral fee will be paid solely from BWM's investment management fee, and will not result in any additional charge to the client. If the client is introduced to BWM by an unaffiliated solicitor, the solicitor will provide the client with a copy of BWM's Form ADV Part 2 or other written disclosure brochure which meets the requirements of applicable regulations and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement, including the compensation to be paid. The solicitor is required to obtain the client's signature acknowledging receipt of BWM's disclosure brochure and the solicitor's written disclosure statement. Any affiliated solicitor of BWM will disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of BWM's Form ADV Part 2 or other written disclosure brochure at the time of the solicitation. Since in some states, a solicitor is also required to be qualified and registered as an investment adviser representative, BWM has developed internal controls for ensuring its solicitors are registered as required.

### **B. Other Compensation**

As more fully explained in Item 12.B, above, BWM is provided with an economic benefit through its receipt of soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934. The Firm may enter into these "soft dollar" arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist BWM in its investment decision-making process. The receipt of such services may be perceived to serve as an economic benefit to BWM, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most the favorable execution. To mitigate this potential conflict of interest, and as part of BWM's fiduciary duty to its clients, the Firm's investment adviser representatives endeavor at all times to put the interest of the clients first.

As noted in Item 5.D., above, Kirk Block (CA Insurance License #0B27948; NH Insurance License #0421802) is a licensed insurance agent of various independent insurance companies. In the course of providing financial planning services, Mr. Block may recommend that clients purchase products or policies underwritten by certain insurance carriers. Please note that a

conflict of interest exists to the extent that certain recommendations may result in a commission being paid to Mr. Block by the insurance company should a client purchase that company's insurance products or policies. The amount paid is the normal commission paid for services rendered as an insurance representative. To mitigate this potential conflict of interest, commissions that may be paid to Mr. Block in his capacity as a licensed insurance agent will be disclosed to the client at the time such insurance product or policy is recommended. Furthermore, clients should be aware that they are under no obligation to purchase insurance products or policies through BMW or Mr. Block.

## **ITEM 15: CUSTODY**

BMW does not have physical custody of clients' assets. However, BMW may be deemed to have custody of certain client assets because the Firm has the authority and ability to debit its fees directly from the accounts of those clients receiving BMW's Investment Advisory Services. To mitigate any potential conflicts of interest, all client assets are actually maintained with an independent qualified custodian. In most cases a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

When exercising its discretionary authority, BMW may only implement its investment management recommendations after the client has arranged for and furnished the Firm with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the statements provided by BMW and other third parties. BMW's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 for additional important disclosure information relating to BMW's relationship with broker-dealer custodians.

## **ITEM 16: INVESTMENT DISCRETION**

For BMW's Investment Advisory Services, the Firm has discretionary authority to determine, without first obtaining client's permission for each transaction: 1) the type of securities to be bought and sold, 2) the dollar amounts of the securities to be bought and sold, 3) whether a client's transaction should be combined with those of other clients and traded as a "block", and 4) in some cases the brokers to use and the commission rates and/or transactions costs paid to effect the transactions. The Firm's clients grant BMW this discretionary authority by signing Schedule B of the Firm's Investment Advisory Services Agreement.

For clients that are receiving Financial Planning Services on a non-discretionary basis, BMW will make recommendations to the client regarding the purchase or sale of securities or other assets that they consider to be in the best interest of the client. The client has full discretion to accept or reject BMW's recommendations and is responsible for implementing any accepted

recommendations with any broker-dealer the client chooses. However, if the client wishes to implement any recommendations contained in the financial plan(s) through BWM, it may do so by appointing BWM to provide discretionary Investment Advisory Services.

For clients that are receiving Portfolio Tracking Services, BWM's services will not be done on a discretionary basis and will be limited to those activities outlined in Item 4.B.3, above.

As noted in Item 4.D, above, Investment Advisory Services clients are allowed to impose reasonable restrictions on the types of securities, companies and/or industries they do not want to be included in their account. Once this information is gathered, each client is responsible for informing BWM in writing of any changes to these restrictions or to their overall investment objectives. BWM does not assume any responsibility for the accuracy of the information provided by its clients or their representatives.

## **ITEM 17: VOTING CLIENT SECURITIES**

BWM's policy and practice is to not vote proxies on behalf of its clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Currently, all BWM ERISA clients vote their own proxies. Consequently, the Firm's clients retain the responsibility for receiving and voting all proxies for securities held within the client's account. BWM shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

BWM typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

## **ITEM 18: FINANCIAL INFORMATION**

BWM does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. BWM does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.

## **ITEM 19: REQUIREMENT FOR STATE-REGISTERED ADVISERS**

### **A. Principal Executive Officers**

Kirk Block is the owner of BWM and serves as the President and Chief Compliance Officer. Detailed information regarding Mr. Block's formal education and business background is outlined in his ADV Part 2B. This document is provided to new clients, can be obtained from us upon request and can also be viewed on the SEC's public website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**B. Outside Business Activity**

BWM and our associated persons do not have any other outside business activities other than what is listed in Item 10 above and Item 4 of Form ADV Part 2B.

**C. Performance-based Fees**

BWM does not charge performance based fees.

**D. Disciplinary or Legal Events**

BWM and our associated persons do not have any disciplinary or legal events to disclose.

**E. Relationship with Issuer of Securities**

BWM and our associated person do not have any financial industry affiliations or relationships with any issuer of securities.





**BROCHURE SUPPLEMENT**  
(Part 2B of Form ADV)

**May 2, 2012**

**Kirk Block**

**Block Wealth Management, Inc.**

4909 Murphy Canyon Road, Suite 130

San Diego, CA 92123

Telephone: (760) 796-5550

Fax: (760) 796-5559

**This brochure supplement provides information about Kirk Block that supplements Block Wealth Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact us at (760) 796-5550 if you did not receive Block Wealth Management, Inc.'s brochure or if you have any questions about the contents of this supplement. Thank you.**

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

## ITEM 1: COVER PAGE

Please see previous page.

## ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Kirk Block, CPA/PFS, CFP® (DOB: 1964)  
Southern New Hampshire University (FKA New Hampshire College), BS in Accounting/MIS (1986)  
College for Financial Planning, Certificate in Financial Planning (1990)

### Business Background:

Block Wealth Management, Inc., President and Chief Compliance Officer (02/08 – Present)  
Premier Financial Planning, LLP, General Partner (01/04 – 05/08)

### Explanation of Professional Designations:

#### *Certified Financial Planner*<sup>™</sup>

The CERTIFIED FINANCIAL PLANNER<sup>™</sup>, 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:

1. high standard of professional education
2. stringent code of conduct and standards of practice
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.
- 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.

#### Certified Public Accountant (CPA)

CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members<sup>4</sup> are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

#### Personal Financial Specialist (PFS)

The PFS credential demonstrates that an individual has met the minimum education, experience and testing required of a CPA in addition to a minimum level of expertise in personal financial planning. To attain the PFS credential, a candidate must hold an unrevoked CPA license, fulfill

3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam and be an active member of the AICPA. A PFS credential holder is required to adhere to AICPA's *Code of Professional Conduct*, and is encouraged to follow AICPA's *Statement on Responsibilities in Financial Planning Practice*. To maintain their PFS credential, the recipient must complete 60 hours of financial planning CPE credits every three years. The PFS credential is administered through the AICPA.

### **ITEM 3: DISCIPLINARY INFORMATION**

Block Wealth Management, Inc. ("BWM" or the "Firm") is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of each investment person providing advice to you. Mr. Block has no information required to be disclosed under this Item.

As reflected above, Mr. Block is a CPA. While Mr. Block does not perform traditional accounting services, he does provide certain tax advice as part of the firm's Financial Planning Services outlined in Item 4 of ADV Part 2A.

### **ITEM 4: OTHER BUSINESS ACTIVITIES**

In addition to his activities at BWM, Mr. Block (CA Insurance License #0B27948; NH Insurance License #0421802) is also a licensed insurance agent with various insurance agencies. As a licensed insurance agent, Mr. Block may recommend to clients certain insurance products sold through these various insurance companies. If a client elects to purchase such an insurance product, Mr. Block may receive a usual and customary commission for doing so.

To the extent that Mr. Block recommends the purchase of insurance products and/or policies where he may receive commissions for doing so, a conflict of interest exists because Mr. Block receives compensation should the clients elect to follow his recommendations, even if such a recommendation is based on the best interest of the clients and their needs. BWM has adopted certain procedures designed to mitigate the effects of these conflicts. For example, as part of Firm's fiduciary duty to clients, Mr. Block will endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client. Additionally, material conflicts presented by these practices are disclosed to clients at the time of entering into any new advisory, brokerage or consultative arrangement. Clients have the option to purchase recommended investment products or policies through insurance agencies other than the agencies for which Mr. Block serves as an agent.

### **ITEM 5: ADDITIONAL COMPENSATION**

In addition to the salary earned from his employment at BWM, Mr. Block as the principal owner shares in the profits and losses of the firm.

As mentioned in Item 4, above, Mr. Block may also receive commissions for the sale of certain insurance products to clients. However, Mr. Block does not provide any other advisory services or receive any additional economic benefits for such services, from persons other than BWM.

## **ITEM 6: SUPERVISION**

Mr. Block is the President of BWM and is responsible for all advice provided to clients and for providing supervisory oversight to BWM's team. Mr. Block can be contacted at (760) 796-5550.

## **ITEM 7      REQUIREMENTS FOR STATE REGISTERED ADVISERS**

### **A. ADDITIONAL DISCIPLINARY INFORMATION**

Mr. Block has no disciplinary or legal information to disclose.

### **B. BANKRUPTCY INFORMATION**

Mr. Block has not been the subject of any bankruptcy proceedings.



**BROCHURE SUPPLEMENT**  
(Part 2B of Form ADV)

**May 2, 2012**

**Brian Basinger**

**Block Wealth Management, Inc.**

4909 Murphy Canyon Road, Suite 130

San Diego, CA 92123

Telephone: (760) 796-5550

Fax: (760) 796-5559

**This brochure supplement provides information about Brian Basinger that supplements Block Wealth Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact us at (760) 796-5550 if you did not receive Block Wealth Management, Inc.'s brochure or if you have any questions about the contents of this supplement. Thank you.**

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

## ITEM 1: COVER PAGE

Please see previous page.

## ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Brian Basinger, CFP<sup>®</sup>, CPA (DOB: 1967)  
University of California, Los Angeles, BA, Economics (1990)  
Duke University, Fuqua School of Business, MBA (1995)

### Business Background:

Block Wealth Management, Inc., Financial Planning Associate (02/08 – Present)  
Premier Financial Planning, LLP, Financial Planning Associate (07/06 – 05/08)

### Explanation of Professional Designations:

#### Certified Financial Planner<sup>™</sup>

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

The CFP<sup>®</sup> certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP<sup>®</sup> certification. It is recognized in the United States and a number of other countries for:

1. high standard of professional education
2. stringent code of conduct and standards of practice
3. ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP<sup>®</sup> certification in the United States.

To attain the right to use the CFP<sup>®</sup> 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.
- Examination: Pass the comprehensive CFP<sup>®</sup> 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.

#### Certified Public Accountant (CPA)

CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members<sup>4</sup> are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

### **ITEM 3: DISCIPLINARY INFORMATION**

Block Wealth Management, Inc. ("BWM" or the "Firm") is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of each



investment person providing advice to you. Mr. Basinger has no information required to be disclosed under this Item.

#### **ITEM 4: OTHER BUSINESS ACTIVITIES**

Outside of his position at BWM, Mr. Basinger is not actively engaged in any other business activities. As reflected above, Mr. Basinger is a CPA. While Mr. Basinger does not perform traditional accounting services, he does provide certain tax advice as part of the firm's Financial Planning Services outlined in Item 4 of ADV Part 2A.

#### **ITEM 5: ADDITIONAL COMPENSATION**

As a member of BWM, Mr. Basinger may be entitled to an end of year discretionary bonus based on overall firm profitability. Mr. Basinger also receives additional compensation on a quarterly basis for new clients that engage BWM for advisory services during the quarter. However, Mr. Basinger does not provide any other advisory services or receive any additional economic benefits for such services, from persons other than BWM.

#### **ITEM 6: SUPERVISION**

Kirk Block is the President and Chief Compliance Officer of BWM and is responsible for all advice provided to clients and for providing supervisory oversight to BWM's team. Mr. Block can be contacted at (760) 796-5550.

#### **ITEM 7      REQUIREMENTS FOR STATE REGISTERED ADVISERS**

##### **A. ADDITIONAL DISCIPLINARY INFORMATION**

Mr. Basinger has no disciplinary or legal information to disclose.

##### **B. BANKRUPTCY INFORMATION**

Mr. Basinger has not been the subject of any bankruptcy proceedings.