

Disclosure Brochure

March 27, 2012

SeaCrest Wealth Management, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of SeaCrest Wealth Management, LLC (herein after "SWM"). If you have any questions about the contents of this brochure, please contact Edward M. Sullivan at (914) 502-1920. 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. Additional information about SeaCrest Wealth Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

SeaCrest Wealth Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This section of the brochure discusses only the material changes that have occurred since SWM's last annual update dated March 3, 2011. SWM does not have any material changes to report in response to this Item.

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Supervised Person Disclosure Supplements

Item 4. Advisory Business

SWM provides comprehensive wealth management services through its advisors in offices across the United States, including financial planning, consulting, and investment management. It was established in May 2008 with former senior officers from Morgan Stanley. Edward Sullivan, Rajesh Gupta, Richard Sanchez, and Ronald Lenihan are the principal owners of SWM.

Prior to engaging SWM to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with SWM setting forth the terms and conditions under which SWM renders its services (collectively the “*Agreement*”).

SWM had \$210,000,000 of assets under management as of December 31, 2011. As of that date, all of the assets were managed on a discretionary basis.

This disclosure brochure describes the business of SWM. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of SWM's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on SWM's behalf and is subject to SWM's supervision or control.

Financial Planning and Consulting Services

SWM may provide its clients with a broad range of comprehensive financial planning and consulting services tailored to client's individual needs.

In performing its services, SWM is not required 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. SWM may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if SWM recommends its own services. The client is under no obligation to act upon any of the recommendations made by SWM under a financial planning or consulting engagement or to engage the services of any such recommended professional, including SWM itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of SWM's recommendations. Clients are advised that it remains their responsibility to promptly notify SWM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising SWM's previous recommendations and/or services.

Investment Management Services

Clients can engage SWM to manage all or a portion of their assets on a discretionary or non-discretionary basis. SWM primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds, exchange traded funds (“ETFs”), and individual debt and equity

securities. In addition, SWM may recommend that clients who are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients’ investment objectives. SWM also provides advice about any type of investment held in clients’ portfolios.

SWM also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client’s primary custodian. In so doing, SWM either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

SWM tailors its advisory services to the individual needs of clients. SWM ensures that clients’ investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify SWM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon SWM’s management services.

Use of Independent Managers

As mentioned above, SWM recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers (“*Independent Managers*”), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between SWM or the client and the designated *Independent Managers*. SWM renders services to the client relative to the discretionary selection of *Independent Managers*. SWM also monitors and reviews the account performance and the client’s investment objectives. SWM receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When selecting an *Independent Manager* for a client, SWM reviews information about the *Independent Manager* such as its disclosure statement and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager’s* investment strategies, past performance and risk results to the extent available. Factors that SWM considers in selecting an *Independent Manager* include the client’s stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client’s assets, may be exclusive of, and in addition to, SWM’s investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by SWM, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

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In addition to SWM's written disclosure statement, the client also receives the written disclosure statement of the designated *Independent Managers*.

Item 5. Fees and Compensation

SWM offers its services on a fee basis which may include hourly fees as well as fees based upon assets under management. Additionally, certain of SWM's *Supervised Persons* may offer securities brokerage services and insurance products under a commission arrangement.

Financial Planning and Consulting Fees

SWM may charge an hourly fee for financial planning and consulting services. These fees are negotiable and set forth with the client depending upon the scope of the project. If the client engages SWM for additional investment advisory services, SWM may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging SWM to provide financial planning and/or consulting services, the client is required to enter into a written agreement with SWM setting forth the terms and conditions of the engagement. Generally, SWM requires one-half of the financial planning / consulting fee (estimated hourly) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management Fee

In the event the client determines to engage SWM to provide investment management services, SWM does so on a fee basis. SWM charges an annual fee based upon a percentage of the market value of the assets being managed by SWM. SWM's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which is incurred by the client. However, SWM does not receive any portion of these commissions, fees, and costs. SWM's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by SWM on the last day of the previous quarter. The annual fee varies up to 2.00% depending upon the market value of the assets under management, the type of investment management services to be rendered, and the representative rendering the advisory services.

SWM, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), SWM generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") or TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("*TD Ameritrade*"), an unaffiliated SEC-

registered broker-dealer and FINRA member, for investment management accounts. SWM participates in the institutional customer program offered by *TD Ameritrade*. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. SWM receives some benefits from *TD Ameritrade* through its participation in the program.

SWM may only implement its investment management recommendations after the client has arranged for and furnished SWM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, *TD Ameritrade*, any other broker-dealer recommended by SWM, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to SWM's fee.

SWM's *Agreement* and the separate agreement with any *Financial Institutions* may authorize SWM or *Independent Managers* to debit the client's account for the amount of SWM's fee and to directly remit that management fee to SWM or the *Independent Managers*. Any *Financial Institutions* recommended by SWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to SWM. Alternately, clients may elect to receive an invoice directly from SWM and send payment directly to SWM.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees shall be calculated on a *pro rata* basis.

The *Agreement* between SWM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. SWM's fees shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that SWM reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. SWM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter. Clients may make additions to and withdrawals from their account at any time, subject to SWM's right to terminate an account. Clients may withdraw account assets on notice to SWM, subject to the usual and customary securities settlement procedures. However, SWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Commissions or Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with SWM (but not SWM) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with SWM. Under this arrangement, clients may implement securities transactions through certain of SWM's *Supervised Persons* in their respective individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("*PKS*"), an SEC registered broker-dealer and member of FINRA. *PKS* may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by *PKS* to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with *PKS*. The brokerage commissions charged by *PKS* may be higher or lower than those charged by other broker-dealers. In addition, certain of SWM's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

A conflict of interest exists to the extent that SWM recommends the purchase of securities where SWM's *Supervised Persons* receive commissions or other additional compensation as a result of SWM's recommendations. SWM has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.

For accounts covered by ERISA (and such others that SWM, in its sole discretion deems appropriate), SWM shall provide its investment advisory services on a fee-offset basis. In this scenario, SWM may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by SWM's *Supervised Persons* in their individual capacities as registered representatives of *PKS*.

Item 6. Performance-Based Fees and Side-by-Side Management

SWM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

SWM provides its services to individuals, investment limited partnerships, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimums Imposed By Independent Managers

SWM does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than SWM. In such instances, SWM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis and Investment Strategies

SWM's employs various forms of analysis, which may include both fundamental and technical.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. SWM will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that SWM will be able to accurately predict such a reoccurrence.

SWM maintains an open architecture approach to analyzing the needs of its clients and manages client assets through a long-term approach (rather than short term trading). As part of its portfolio management, SWM may utilize ETFs, individual equities, individual debt securities, mutual funds and/or *Independent Managers*.

Risk of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market

volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Market Risks

The profitability of a significant portion of SWM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that SWM will be able to predict those price movements accurately.

Options

SWM may recommend the use of options for certain clients. Options allow SWM to hedge (limit) certain losses on positions clients hold. The option allows SWM to buy or sell a security at a certain price (not the current market price). Clients pay a fee for the option. If the option falls outside the money (i.e., the market price of the security does not justify purchasing/selling the security at the option price), the client will lose the fee for that option.

Use of Independent Managers

SWM may recommend the use of *Independent Managers* for certain clients. SWM will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, SWM does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

Use of Private Collective Investment Vehicles

SWM may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Management Through Similarly Managed Accounts

For certain clients, SWM may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, SWM buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

SWM's management in using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to SWM's clients may be limited. As further discussed in response to Item 12B (below), SWM allocates investment opportunities among its clients on a fair and equitable basis.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

SWM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. SWM does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

SWM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. SWM has described such relationships and arrangements below.

Related Investment Adviser

SWM is under common control with its affiliated SEC registered investment adviser, SeaCrest Investment Management, LLC ("SIM"). Certain *Supervised Persons* of SWM also serve in the same or similar capacity for SIM. SIM advises high net worth individuals and institutions. The advisory activities of SIM are kept separate from those of SWM. As such, SWM does not believe that this poses any additional conflict to clients.

Affiliated Collective Investment Vehicle

SWM's affiliate, SeaCrest Emerging Markets GP, LLC, is the general partner of SeaCrest Emerging Markets Debt Partners, L.P. (the "*Partnership*"), a Delaware limited partnership formed in August 2006 to engage primarily in the business of investing and trading in securities. SWM's affiliate, SIM, is the investment manager to the *Partnership*.

SWM may recommend, on a fully disclosed basis, an investment in the *Partnership*. A conflict of interest exists to the extent that SWM recommends an investment in the *Partnership* where its *Supervised Persons* receive compensation by virtue of their position with SIM.

Receipt of Insurance Commission

Certain of SWM's *Supervised Persons*, in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While SWM does not sell such insurance products to its investment advisory clients, SWM does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that SWM recommends the purchase of insurance products where SWM's *Supervised Persons* receive insurance commissions or other additional compensation.

Registered Representatives of a Broker Dealer

As discussed above in Item 5, certain of SWM's *Supervised Persons* are registered representatives of PKS.

Item 11. Code of Ethics

SWM and persons associated with SWM ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with SWM's policies and procedures.

SWM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Advisers Act, its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by SWM or any of its associated persons. The *Code of Ethics* also requires that certain of SWM's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in SWM's *Code of Ethics*, none of SWM's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of SWM's clients.

When SWM is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when SWM is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

As discussed above in response to Item 4, a *related person* (as defined in Form ADV) of SWM is the general partner to the *Partnership*. SWM may recommend, on a fully disclosed basis, that certain clients invest in the *Partnership*. As such, a conflict of interest exists to the extent that SWM recommends that clients invest in *Partnership*.

Clients and prospective clients may contact SWM to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, SWM shall generally recommend that clients utilize the brokerage and clearing services of *Schwab* or *TD Ameritrade*.

Factors which SWM considers in recommending *Schwab*, *TD Ameritrade* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* and *TD Ameritrade* enable SWM to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* and *TD Ameritrade* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by SWM's clients comply with SWM's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where SWM determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. SWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom SWM and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. SWM periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct SWM in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and SWM will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by SWM (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, SWM may decline a client's request to direct brokerage if, in SWM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless SWM decides to purchase or sell the same securities for several clients at approximately the same time. SWM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among SWM's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among SWM's

clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that SWM determines to aggregate client orders for the purchase or sale of securities, including securities in which SWM's *Supervised Persons* may invest, SWM shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. SWM shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that SWM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, SWM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist SWM in its investment decision-making process. Such research generally will be used to service all of SWM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because SWM does not have to produce or pay for the products or services.

Commissions or Sales Charges for Recommendations of Securities

As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *PKS*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *PKS* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *PKS* unless they first secure written consent from *PKS* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *PKS*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *PKS* under *PKS*'s internal supervisory policies.

Software and Support Provided by Financial Institutions

SWM may receive from *Schwab* and/or *TD Ameritrade* without cost to SWM, computer software and related systems support, which allow SWM to better monitor client accounts maintained at *Schwab* and/or *TD Ameritrade*. SWM may receive the software and related support without cost because SWM renders investment management services to clients that maintain assets at *Schwab* and/or *TD Ameritrade*. The software and related systems support may benefit SWM, but not its clients directly. In fulfilling its duties to its clients, SWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that SWM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence SWM's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, SWM may receive the following benefits from *Schwab* and/or *TD Ameritrade* through their respective investment adviser divisions: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the investment adviser division; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

There is no direct link between SWM's participation in the programs and the investment advice it gives to its clients, although SWM receives economic benefits through its participation in the programs that are typically not available to *Schwab* or *TD Ameritrade* retail investors.

These products or services may assist SWM in managing and administering client accounts, including accounts not maintained at *Schwab* and/or *TD Ameritrade*. Other services made available by *Schwab* and/or *TD Ameritrade* are intended to help SWM manage and further develop its business enterprise. The benefits received by SWM's participation in the programs do not depend on the amount of brokerage transactions directed to *Schwab* and/or *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by SWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence SWM's recommendation of *Schwab* and/or *TD Ameritrade* for custody and brokerage services.

Item 13. Review of Accounts

For those clients to whom SWM provides investment management services, SWM monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom SWM provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of SWM’s investment adviser representatives, who generally reviews between 10-15 client accounts. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with SWM and to keep SWM informed of any changes thereto. SWM contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom SWM provides investment advisory services may receive a report from SWM that includes such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare the account statements they receive from their custodian with those they receive from SWM.

Those clients to whom SWM provides financial planning and/or consulting services will receive reports from SWM summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by SWM.

Item 14. Client Referrals and Other Compensation

SWM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, SWM is required to disclose any direct or indirect compensation that it provides for client referrals.

If a client is introduced to SWM by either an unaffiliated or an affiliated solicitor, SWM may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from SWM's investment management fee, and does not result in any additional charge to the client. If the client is introduced to SWM by an unaffiliated solicitor, the solicitor provides the client with a copy of SWM's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of SWM discloses 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 SWM's written disclosure brochure at the time of the solicitation.

SWM may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Item 15. Custody

SWM's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize SWM through such *Financial Institution* to debit the client's account for the amount of SWM's fee and to directly remit that management fee to SWM in accordance with applicable custody rules.

The *Financial Institutions* recommended by SWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to SWM. In addition, as discussed in Item 13, SWM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from SWM.

Item 16. Investment Discretion

SWM may be given the authority to exercise discretion on behalf of clients. SWM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. SWM is given this authority through a power-of-attorney included in the agreement between SWM and the client. Clients may request a limitation on this authority (such as requesting that certain securities not to be bought or sold). SWM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The *Financial Institutions* to be utilized;
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

SWM may vote client securities (proxies) on behalf of its clients. When SWM accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in SWM's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in SWM's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact SWM to request information about how SWM voted proxies for that client's securities or to get a copy of SWM's Proxy Voting Policies and Procedures. A brief summary of SWM's Proxy Voting Policies and Procedures is as follows:

- SWM has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to SWM's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, SWM devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct SWM's vote on a particular solicitation but can revoke SWM's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that SWM maintains with persons having an interest in the outcome of certain votes, SWM takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18. Financial Information

SWM does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, SWM is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. SWM has no disclosures pursuant to this Item.

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Prepared by:



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