

**FORM ADV Uniform Application for Investment Adviser Registration  
Part 2A: Investment Adviser Brochure  
Item 1: Cover Page**

# **FSW Advisory Services, Inc.**

**SEC File #: 801-69739  
Firm CRD #: 148818**

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Dallas, TX 75201  
Phone: (214) 953-4000**

**Issue date: March 30, 2012**

***This brochure provides information about the qualifications and business practices of FSW Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at the phone number listed above.***

***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. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training.***

***Additional information about the firm and its representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)***

## **Item 2: Material Changes**

FSW Advisory Services, Inc. made no material changes to this document, since its latest version dated June 23, 2011.

Additional information about the firm and its representatives is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4: Advisory Business**

Established in 2009, FSW Advisory Services, Inc. a SEC registered investment advisor, currently provides advisory services to retail customers and public sector clients. The firm has worked closely with their client base to deliver expertise across two primary areas:

### **First Focus**

First Focus is a wrap fee program offered only through FSW Advisory Services, Inc. (“FSWA or FirstSouthwest”) and its qualified investment advisory representatives (“IARs”). This program offers investment management services to clients on a discretionary basis. Portfolios are individually customized and managed based on the client’s stated objectives and risk tolerance. Please see the Wrap Fee Part 2A Brochure, Appendix 1 (Wrap Fee Brochure) for specific information on First Focus.

FSWA possesses the ability to invest in an array of different securities. These include, but are not limited to:

- Domestic and international equity securities
- Fixed Income Securities, both taxable and non-taxable.
- Mutual funds,
- Exchange Traded Funds (“ETFs”) and Unit Investment Trusts (“UITs”)
- Private investments in Private Equity and Hedge Funds

The use of various instruments depends on a wide variety of criteria. This can include the size of the portfolio, risk tolerances and liquidity requirements. FSWA manages portfolios using a variety of different methodologies and a mix of the securities highlighted above. After discussing and understanding the financial goals and objectives of the client, the IAR will outline in detail the investment strategy in which he/she feels is the most appropriate prior to opening an account.

IARs will retain the discretion as to how to reallocate a portfolio should client contributions or withdrawals cause an imbalance against in the target asset allocation.

### **First Freedom**

First Freedom is a Separately Managed Account (“SMA”) program whereby FSWA screens a number of 3rd party separate account managers (“Managers”) who meet various needs of investor portfolio management. FSWA provides personal advice with regard to choosing the manager(s) of these portfolios, and all accounts are managed on a discretionary basis. That manager provides non-personal discretionary portfolio management.

First Freedom Accounts are available through independent Registered Investment Advisor firms with FSWA as the Sponsor and Portfolio Manager of the program. Direct

customers may be individuals, institutions, pension and ERISA clients as well as individual tax-deferred accounts such as IRAs, and small and medium businesses.

FSWA may engage one or more sub-advisors or purchase consulting services for research, due-diligence, strategy or other services as it deems necessary. This will not increase or decrease your fee in any way.

Clients portfolios are matched with the strategies of Managers, and assets are allocated across various Managers, based on the match between the goals of the client, and the expertise of the manager. The Manager then manages each account separately. Some clients may employ fewer, or more managers based on a variety of factors, and the intended asset allocation of the portfolio.

While FSWA does not manage assets individually in this Program, FSWA does reserve discretionary rights to hire fire or replace any manager in this program. The only limitations on our investment authority will be those imposed by you in writing, when you open the account, or if you subsequently amend your contract. FSWA provides non-personal advice with regard to the management of these portfolios, and all accounts are managed on a discretionary basis.

### **“PEB” Trust Program (Post Employment Benefit)**

#### **Background**

State and local authorities (“Employer”) incur liabilities in funding postemployment benefits (other than pension benefits {“OPEB”}). These include medical, dental, vision, life insurance, long-term care and similar health benefits for their employees. The PEB Trust was designed to assist municipalities or non-federal government entities in funding these liabilities as assets accumulated under the Trust will reduce an Employer's obligations. An Employer may choose to have multiple accounts with the PEB Trust, such as for different groups of employees (e.g., police, fire, civilian), or for employees who have different funding sources (e.g., publicly owned utility). Contributions to the PEB Trust (“Trust”) are irrevocable. The Trust has been qualified as tax-exempt by a Private Letter Ruling from the IRS and is governed by a 5 member Board of Trustees.

#### **Services**

Employers participating in the Trust utilizes FSWA’s “open” platform which renders these services and allows them to select their own investment consultants or asset Managers. First Southwest Company (“FSC”), a FINRA registered broker-dealer and an affiliate of FSWA will act as custodian for all Trust assets pursuant to FSWA’s agreement with the Trust.

### **Selection of Other Advisors**

Each Employer will select its own investment consultants and/or investment advisors from a list of providers with pre-existing relationships with the Trust or select another independent consultant or advisor. While Employers may access institutional managers through FSWA's existing platform, at no time will FSWA act as a discretionary investment advisor to the Trust.

FSWA will enter into a “sub-advisory agreement” with each independent consultant or advisor which states they will provide continuous and investment management services to the Employer. Prior to entering into such an agreement, FSWA will provide the Employer the sub-advisor's Form ADV, Part 2.

### **Portfolio Construction**

The Employer, with the assistance of an investment consultant or advisor, will develop and establish an Investment Policy Statement (“IPS”). The IPS will clearly define and document the goals, objectives, and any restrictions applicable to the Employer's investment portfolio in the Trust. After an appropriate investment strategy is determined, the adviser will design an appropriate investment portfolio which they will manage. The sub-advisor will work with the advisor to implement and maintain the portfolio. These portfolios will only consist of investments permitted by law and the Board of Trustees. Appropriate investments currently include:

- fixed income securities,
- common, convertible or preferred stocks,
- open and closed-end mutual funds and exchange traded funds (“ETFs”),
- options and warrants,
- municipal or U.S. government bonds, notes and bills, and
- money market funds, cash and cash equivalents.

An Employer may choose a different investment strategy at any time or impose reasonable restrictions on the management of the portfolio investments. These exclusions and/or deviations from the original model portfolio will be documented in an updated IPS and communicated to the appropriate sub-advisor. From time to time, market conditions may cause an Employer's portfolio allocation over various asset classes to differ from the recommended asset allocation set forth in their IPS. Advisors will give direction to sub-advisors to rebalance securities and asset classes to bring the Employer's portfolio in line with the prescribed asset allocation models.

### **Custodial and Reporting Services**

FSC will provide monthly brokerage statements to the Trusts' Employers. FSWA will provide quarterly performance reports in addition to the monthly statements from FSC.

The Employer's adviser or consultant may provide clients with a quarterly market update which includes the market outlook and/or changes made in the respective Trust portfolio and other reports or information.

FSWA has an agreement with FSC for the provision of custodial services to the PEB Trust. FSC will serve as a directed full service custodian. These services will include, but are not limited to:

- administrative and accounting services,
- compliance and monitoring,
- executing and settling trades,
- custodial services, and
- monthly account reporting.

FSWA will also contract for third party legal and/or accounting services as needed by Employers.

## **Item 5: Fees and Compensation**

### **First Focus**

The investment management fee charged to investors in the First Focus program are considered "wrapped", with all administrative, custodial and brokerage transaction charges included as part of the management fee. Please see the Wrap Fee program Brochure for complete information on fees, ranges of fees, minimum annual fee and other charges as described in the Part 2 A Supplement (Wrap Fee Program Brochure for First Focus).

The client will pay one fee for all of these services. This fee is based on a percentage of assets under management and ranges from .80% - 2.75%, depending on the investment strategy and the client's total assets under management. These fees apply to equity, mutual fund and ETF portfolios.

Fees for fixed income portfolios range from .50% to 1.75%.

All management fees are subject to a \$500 annual minimum. Institutional accounts may be negotiated further based on the services requested and the size and scope of their requirements. Fees are assessed quarterly in advance, based on the market value of the account on the last business day of the previous quarter. Fees are directly debited from the client's account by the custodian. All accounts assets are maintained at FSWA's affiliate First Southwest Company ("FSC"), a FINRA registered broker-dealer.

FSWA may charge standard fees for non-advisory related services. This may include printing fees, fees for wire transfer, etc. A list of these fees is provided to each client at account opening, and updated annually by FSC.

The program allows each portfolio to trade up to 72 trades per year. Accounts where trading exceeds 72 trades per year will incur additional trade execution fees at a rate up to \$25.00 per trade. FSWA maintains discretion to waive these charges.

### **First Freedom**

The investment management fee charged to investors in the First Freedom program are considered “wrapped”, with all administrative, custodial and brokerage transaction charges included as part of the management fee.

The client will pay one fee for all of these services. This fee is based on a percentage of assets under management depending on the investment strategy and the client’s total assets under management. These fees apply to

#### **Equity, Mutual Fund and ETF Portfolios**

.80% - 2.75%

#### **Fixed Income Portfolios**

.80% to 1.75%.

All management fees are subject to an \$800 annual minimum. Institutional accounts may be negotiated further based on the services requested and the size and scope of their requirements

Fees are assessed quarterly in advance, based on the market value of the account at inception (for new accounts) and on the last business day of the previous quarter. Fees are directly debited from the client’s account by the custodian; there is no other fee payment option; permission to do so is granted in the agreement with FSWA.

All accounts assets are maintained at FSWA’s affiliate First Southwest Company (“FSC”), a FINRA registered broker-dealer. While all trading and custodial fees are wrapped FSWA may charge standard fees for non-advisory related services. This may include printing fees, fees for wire transfer, etc.

The program limits the number of transactions placed by the IAR and allows each portfolio to trade up to 72 trades per year (or 6 per month over 12 consecutive months). Accounts where trading exceeds 72 trades per year may incur additional trade execution fees at a rate up to \$25.00 per trade.

Neither FSWA nor and IAR will receive any commissions for the sale or redemption of money market funds, institutional mutual funds, mutual funds or exchange traded funds. Transaction costs or fees for trading and custody however, may apply, and the broker/dealer of record (FSC) may receive 12-b-1 fees from the funds in a client’s portfolio. Transaction costs are not commissions; they are clearing costs charged by the

designated clearing firm (FSC) on the account. A detailed description of these transaction costs is outlined in FSWAs Agreement with FSC.

### **PEB Trust**

Neither FSWA nor any sub-advisor will receive commissions for the purchase or sale for any security. Transaction costs or fees for trading and custody however, will apply, and the broker/dealer of record (FSC) may receive 12-b-1 fees from the fund or fees from the Bank Insured Deposit Program. A detailed description of these transaction costs is outlined in the Employer's Administrative Services Agreement. The standard annual fees (inclusive of the portion payable to any sub-advisors) through the PEB Trust Program are as follows, but may be negotiated in individual cases:

#### **Account Size (market value)**

No Minimum

#### **Standard Annual Advisory Fees**

Typical Range .50% to 1.5%  
Minimum Annual Fee - \$500

### **Consulting Services-PEB Trust Program**

FSWA or its affiliates may also separately provide investment consulting advice through third parties to Employers for a negotiated fee.

## **Item 6: Performance-Based fees and Side-by-Side Management**

At this time, FSWA does not charge performance based fees nor manages private funds. FSWA clients primarily invest in Mutual Funds and ETFs mitigating conflicts related to side-by-side management.

## **Item 7: Types of Clients**

### **First Focus**

Clients of First Focus are typically individuals. While there is no imposed minimum, there is an annual minimum asset management fee of \$500 per account.

Clients may close an account or remove it from management without closing it, at any time, with written notice to FSWA. The firm will remove the account from management based on the date the notice is received and rebate any fees on a pro rata basis based on the number of days left in the calendar quarter, not including the date of termination



Accounts closed within a year of their opening may be subject to an additional liquidation fee of \$500, or \$25.00 per transaction, whichever is greater, less any fees previously charged to the client.

### **First Freedom**

Clients of First Freedom are typically individuals. The minimum account size for a fixed income account is \$250,000. The minimum account size for an equity account is \$50,000. There is also an annual minimum asset management fee of \$800 per account.

Accounts closed within a year of their opening may be subject to a liquidation fee of \$750, or \$25.00 per transaction, whichever is greater to cover liquidation and administrative costs.

### **PEB Trust**

The clients of the PEB Trust are the states and cities attempting to fund post- retirement benefit liabilities. An Employer may choose to have multiple accounts with the PEB Trust, such as for different groups of state and city employees (e.g., police, fire, civilian), or for employees who have different funding sources (e.g., publicly owned utility).

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

Portfolios are individually customized and managed based on the client's stated objectives and risk tolerance. The use of various instruments depends on a wide variety of criteria. This can include the size of the portfolio, risk tolerances and liquidity requirements.

FSWA manages portfolios using a variety of different methodologies and a mix of the securities highlighted above. After discussing and understanding the financial goals and objectives of the client, The IAR will outline in detail the investment strategy in which he/she feels is the most appropriate prior to opening an account.

As with all securities investments, FSWA accounts carry the risk for loss. FSWA tries to mitigate that risk by building portfolios with diversification across asset classes. This diversification is based on a client's:

- stated risk profile,
- need for liquidity,
- tax considerations,
- time horizon, and
- long term objectives.

**Risk of Loss:** Investing in securities involves a certain amount of risk of loss that clients should be prepared to bear. Where short term trading methods are employed, the cost of more frequent trades can often incur more expense than that of a more conservative or long term purchase approach. Questions regarding these risks and/or increased costs may be directed to the firm and its representatives.

### **Item 9: Disciplinary Information**

Rule 206(4)-4 of the Investment Advisers Act of 1940 requires investment advisers to provide clients with disclosures as to any legal or disciplinary activities deemed material to the client's evaluation of the adviser. Please note, neither the firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.

### **Item 10: Other Financial Industry Activities and Affiliations**

FSWA is owned by First Southwest Holdings, LLC ("FSH") which in turn is owned by PlainsCapital Bank. FSWA is affiliated with the following First Southwest entities.

- First Southwest Company ("FSC"), a FINRA registered broker-dealer.
- First Southwest Asset Management ("FSAM"), a SEC registered investment adviser

FSC and FSAM are both owned by FSH. FSWA maintains affiliations with other non-financial services companies which are also owned by FSH.

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

FSWA's advisory representatives may purchase or sell products that they may recommend to clients. The firm has adopted a Code of Ethics which establishes basic policies of ethical conduct for all managers, officers, and employees of the adviser. The Code also governs personal trading by Access Persons. Access Person is defined under Rule 204(a) -1 of the Investment Adviser Act of 1940. It is intended to ensure that the securities transactions of Access Persons will not pose any actual or potential conflicts of interest with client trades.

The firm collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve potential conflicts of interest. A copy of FSWA's Code of Ethics is available upon request by contacting the CCO at phone number on this brochure.

## **Item 12: Brokerage Practices**

It is the fiduciary duty of FSWA to seek the best price and execution for client brokerage. FSWA utilizes FSC, an affiliated broker-dealer for all custodial and brokerage services. The firm understands that there is an implied incentive to exclusively place brokerage through an affiliate, which represents a conflict of interest. However, as a wrap program, (see Wrap Program Disclosure Brochure) clients pre-pay all executions; as a result, all transactions are placed at FSC essentially on a directed brokerage basis.

The firm does not allow clients to direct brokerage. As a result, Wrap Program Clients do not derive benefits that would otherwise be available if FSWA had the ability to select a broker or negotiate commissions. FSWA seeks best execution for its clients. The firm conducts a best execution review of its brokerage arrangement at least annually to ensure that FSC continues to provide best execution to FSWA's clients.

FSWA's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way taking into account clients' best interests. FSWA will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

In addition, the firm does not receive any research, products, client referrals, or other services from FSC or third party in connection with client-based securities transactions (i.e. no soft dollars).

## **Item 13: Review of Accounts**

### **First Focus**

Client Portfolios are reviewed continuously by the respective IAR. Formal reviews with each client are scheduled no less than annually, and may be more frequent as circumstances dictate. Any time a material piece of financial information changes, such as change of investment objective, or other financial circumstance, a portfolio would become subject to review. Clients are encouraged to share any material changes to their financial situation with their IAR.

Clients receive monthly brokerage statements from the custodian, FSC, which identifies securities holdings, cash balances, transaction history, dividend and interest postings and total assets of the account.

Clients also receive a quarterly report from FSWA which shows similar information about holdings in the account, as well as a performance report which reflects portfolio returns on a quarterly, annual and since inception basis.

## **First Freedom**

Client accounts are reviewed continuously by the respective Advisor and periodically by the CIO. Formal reviews with each client are scheduled no less than annually, and may be more frequent as circumstances dictate. Any time a material piece of financial information changes, such as change of investment objective, or other financial circumstance, a portfolio would become subject to review. Clients are encouraged to share any material changes to their financial situation with their Advisor.

Clients receive monthly brokerage statements from the custodian, FSC which identifies securities holdings, cash balances, transaction history, dividend and interest postings and total assets of the account.

Clients also receive a quarterly report from FSWA which shows similar information about holdings in the account, as well as a performance report which reflects portfolio returns on a quarterly, annual and since inception basis.

## **PEB Trust**

The Sub-advisor or Consultant that manages the Trust for Employer will review client portfolios. The frequency in which this occurs may vary from manager to manager.

### **Item 14: Client Referrals and Other Compensation**

FSWA does not compensate, either directly or indirectly, another person or an entity for client referrals. FSWA engaged StarPoint Consulting Group, LLC (“StarPoint”) as a consultant. StarPoint actively provides FSWA with names and contact information for interested and qualified candidates. StarPoint receives six basis points (.06%) from a candidate’s assets under management. The Finders Agreement between FirstSouthwest and StarPoint enumerates the details of the compensation arrangement and the services provided by StarPoint. The firm is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations

### **Item 15: Custody**

Other than fees being directly debited from the client’s account by the custodian, FSWA does not maintain or accept custody\* of client funds or securities.

Client account assets are custodied at FSWA’s affiliate First Southwest Company (“FSC”), a FINRA registered broker-dealer.

*\*Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them (def. Rule 206(4)-2 Investment Advisers Act of 1940).*

## **Item 16: Investment Discretion**

### **First Focus**

This program offers investment management services to clients on a discretionary basis. Portfolios are individually customized and managed based on the client's stated objectives and risk tolerance. All accounts are continually monitored by the respective IARs and supervised by the Chief Investment Officer ("CIO") to assure that each portfolio remains invested within the parameters of each client's goals and objective and its Investment Policy Statement ("IPS"). Clients may place reasonable restrictions as to the management of their account which will become part of the IPS. If an IAR feels that they are unable to effectively manage the portfolio given the new restrictions, the IAR may decline to manage the portfolio.

### **First Freedom**

First Freedom is a Separately Managed Account ("SMA") program whereby FSWA screens a number of 3rd party separate account managers ("Managers") who meet various needs of investor portfolio management. FSWA provides personal advice with regard to choosing the manager(s) of these portfolios, and all accounts are managed on a discretionary basis. That manager provides non-personal discretionary portfolio management.

### **PEB Trust**

The Employer selects a Sub-advisor or Consultant that will ultimately have investment discretion over client portfolios.

## **Item 17: Voting Client Securities**

FSWA does not vote, nor advise clients how to vote proxies for securities held in client accounts. Clients maintain all voting responsibility. Accordingly, each client is sent the applicable proxy statement(s) directly from FSC.

## **Item 18: Financial Information**

Under Rule 206(4)-4 of the Investment Adviser Act of 1940, Investment Advisers are required to disclose certain financial information about their business practices that might serve as material to the client's decision in choosing an investment adviser.

At this time, FSWA does not maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients. Further, the firm does not require any prepayment of fees-six months or more in advance.

**FORM ADV Uniform Application for Investment Adviser Registration  
Part 2B: Brochure Supplements  
Investment Adviser Representatives and/or Supervised Persons: Supplemental information  
Item 1: Cover Page**

***Hill Feinberg, Chairman  
John Muschalek, President & CEO  
David Common, CFO  
Eric Holt, CCO  
Caroline Austin, CIO  
Kent Snodgrass, Senior Vice President***

**SEC File #: 801-69739  
Firm CRD #: 148818**

**325 N. Paul St., Suite 800  
Dallas, TX 75201  
Phone: (214) 953-4000**

**Issue date: March 30, 2012**

***This brochure provides information about the qualifications and business practices of these representatives as investment adviser representatives of FSW Advisory, Inc. This information is provided as a supplement to the Form ADV Part 2A which has been provided for your review. Should you have any questions about this supplement, or if you have not received the Form ADV Part 2A please contact the firm immediately.***

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## **Item 2: Educational Background and Business Experience**

**Name:** Hill Feinberg, Chairman of the Board of Directors

**Year Born:** 1947

**Education:** University of Georgia

### **Business Experience:**

- 1991 to Present First Southwest Asset Management, Inc., Director
- 1991 to Present First Southwest Company, Chairman and CEO
- 2008 to Present FSW Advisory Services, Inc. Chairman
- 2008 to Present Plains Capital Corporation, Director
- 1978-1991 Bear Stearns & Co., Senior Managing Director

**Licenses:** 7, 24, 53, 63 and 79

## **Item 3: Disciplinary Information**

Mr. Feinberg does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

## **Item 4 and 5: Other Business Activity and Additional Compensation**

Mr. Feinberg does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

## **Item 6: Supervision**

Eric Holt serves as Chief Compliance Officer for FSWA. As Chief Compliance Officer, Mr. Holt administers a compliance program which includes supervisory procedures. Mr. Holt can be reached at the offices of FSWA listed on the cover page of this brochure.

## **Item 2: Educational Background and Business Experience**

**Name:** John Muschalek, President and CEO

**Year Born:** 1966

**Education:** Texas A&M University

### **Business Experience:**

- 2008 to Present FSW Advisory Services, Inc., President & CEO
- 1981 to Present First Southwest Company, Vice Chairman

**Licenses:** Series 7, 24, 27, 63 and 99

## **Item 3: Disciplinary Information**

Mr. Muschalek does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

## **Item 4 and 5: Other Business Activity and Additional Compensation**

Mr. Muschalek does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

## **Item 6: Supervision**

Eric Holt serves as Chief Compliance Officer for FSWA. As Chief Compliance Officer, Mr. Holt administers a compliance program which includes supervisory procedures. Mr. Holt can be reached at the offices of FSWA listed on the cover page of this brochure.



## **Item 2: Educational Background and Business Experience**

**Name:** David Commons, Chief Financial Officer

**Year Born:** 1953

**Education:**

- Southern Methodist University, BBA Economics
- Northwestern University, MBA

**Business Experience:**

- 2002 - Present First Southwest Company, CFO
- 2004 - Present First Southwest Holdings, LLC., CFO
- 2006 - Present First Southwest Asset Management, Inc., CFO
- 2008 - Present FSW Advisory Services, Inc, CFO.
- 1992-2001 Southwest Financial Services Company, CFO

**Licenses:** Series 7, 24, 27, 63 and 99

## **Item 3: Disciplinary Information**

Mr. Commons does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

## **Item 4 and 5: Other Business Activity and Additional Compensation**

Mr. Commons does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

## **Item 6: Supervision**

Eric Holt remains responsible for the supervision of firm personnel and their activities on behalf of same. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. Holt at the phone number listed on the cover of this brochure supplement.

## **Item 2: Educational Background and Business Experience**

**Name:** Eric Holt, Chief Compliance Officer

**Year Born:** 1969

**Education:** Baylor University, BBA Marketing

### **Business Experience:**

- 2011 to Present First Southwest Asset Management, Inc.; First Southwest Company; FSW Advisory Services, Inc. Chief Compliance Officer/AML Officer
- 2001-2011 Capital Institutional Services, Inc.,
  - Chief Compliance Officer 2010 – 2011
  - Director of Compliance – 2006 – 2010
  - Compliance Manager – 2001 - 2006

**Licenses:** Series 4, 7, 24, 53, 63 and 99

## **Item 3: Disciplinary Information**

Mr. Holt does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

## **Item 4 and 5: Other Business Activity and Additional Compensation**

Mr. Holt does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

## **Item 6: Supervision**

Eric Holt remains responsible for the supervision of firm personnel and their activities on behalf of same. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. Holt at the phone number listed on the cover of this brochure supplement.

## **Item 2: Educational Background and Business Experience**

**Name:** Caroline B. Austin, CIO

**Year Born:** 1957

**Education:** Lake Erie College, B.A. French and Music

### **Business Experience:**

- 2009 to Present FSW Advisory Services, Inc., CIO
- 2009 to Present First Southwest Company, Senior Vice President
- 2008 to 2009 Crescent Securities Group, Inc., Director
- 2005 to 2008 EFG Advisors, Evolve Securities, Inc., President and Director

**Licenses:** Series 4, 7, 24, 27, 53, 63, 65 and 73

## **Item 3: Disciplinary Information**

Ms. Austin does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

## **Item 4 and 5: Other Business Activity and Additional Compensation**

Ms. Austin does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

## **Item 6: Supervision**

Eric Holt remains responsible for the supervision of firm personnel and their activities on behalf of same. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. Holt at the phone number listed on the cover of this brochure supplement.

## **Item 2: Educational Background and Business Experience**

**Name:** Kent Snodgrass, Senior Vice President

**Year Born:** 1954

**Education:** Wayland Baptist University, BBA Science

### **Business Experience:**

- 2004 to Present First Southwest Company, Senior Vice President
- 2007 to Present First Southwest Asset Management, Senior Vice President
- 2008 to Present FSW Advisory Services, Inc., Senior Vice President
- 1994-2004 First Matrix Investment, Account Executive

**Licenses:** Series 7, 24, 53, 63, 65

## **Item 3: Disciplinary Information**

Mr. Snodgrass does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

## **Item 4 and 5: Other Business Activity and Additional Compensation**

Mr. Snodgrass does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

## **Item 6: Supervision**

Eric Holt remains responsible for the supervision of firm personnel and their activities on behalf of same. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. Holt at the phone number listed on the cover of this brochure supplement.