

**Part 2A of Form ADV: *Firm Brochure***

**The Blakeley Group Inc.**

2804 Mission College Blvd  
Santa Clara, CA 95054

Telephone: (650) 968-4862  
Email: [dick@theblakeleygroup.com](mailto:dick@theblakeleygroup.com)  
Web Address: [www.theblakeleygroup.com](http://www.theblakeleygroup.com)

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This brochure provides information about the qualifications and business practices of The Blakeley Group Inc.. If you have any questions about the contents of this brochure, please contact us at (650) 968-4862 or [dick@theblakeleygroup.com](mailto:dick@theblakeleygroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Blakeley Group Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 150066.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, The Blakeley Group, Inc. will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

The Blakeley Group Inc. is a SEC-registered investment adviser with its principal place of business located in California. The Blakeley Group Inc. began conducting business in 2009.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Dick Eugene Blakeley, President and CEO

The Blakeley Group Inc. offers the following advisory services to our clients:

### INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides non-continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an as needed basis, based on the client's individual needs and in relation to market conditions.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- ETF and ETN's

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully interview the client about all aspects related to managing the client's assets. This information is gathered with all the other pertinent information the client has provided during the interview. This information is recorded and used to draft an Investment policy statement (IPS) which is subsequently reviewed and edited by client and subsequently returned to The Blakeley Group. This generates the final IPS which is used to direct the client's investment strategy.

## CONSULTING SERVICES

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

### AMOUNT OF MANAGED ASSETS

As of 3/15/2011, we were actively managing \$64,150,094 of clients' assets on a discretionary basis plus \$843,455 of clients' assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### PORTFOLIO MANAGEMENT SERVICES FEES

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from **1.00%** to **1.50%**.

A minimum of **\$250,000** of assets under management is required for this service. This account size may be negotiable under certain circumstances. The Blakeley Group Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although The Blakeley Group Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### CONSULTING SERVICES FEES

The Blakeley Group Inc.'s Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Consulting Services fees are calculated and charged on an hourly basis, ranging from **\$250.00** to **\$500.00** per hour. An estimate for the total hours is determined at the start of the advisory relationship.

The client is billed quarterly in arrears based on actual hours accrued.

## GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of **30** days written notice. **As disclosed above, certain fees are paid in advance of services provided.** Upon termination of any account, any prepaid, unearned fees will be promptly refunded. **In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.**

**Mutual Fund Fees:** All fees paid to The Blakeley Group Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to The Blakeley Group Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** The Blakeley Group Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, The Blakeley Group Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

The Blakeley Group Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The following are disciplinary events relating to our firm and/or our management personnel:

1. On 02/27/2006 Elizabeth Mulford, Trustee for The Benefit of the Mulford Family Trust filed an NASD ARBITRATION CLAIM 06-01010 against CITRGROUP GLOBAL MARKETS, INC (SALOMON SMITH BARNEY, INC) AND DICK BLAKELEY, alleging that Respondent Dick Blakeley sold Davis Fund Shares without first consulting with the clients CPA regarding tax consequences of transaction before engaging in trades on behalf of The Mulford Family Trust; not sell the Davis Funds shares without prior express authorization from Claimant; and not invest in companies involved in guns or armments, or companies doing business in Israel. Thereafter, on or about 06/26/2002, Claimant alleges Respondents breached the agreements by selling the Davis Fund Shares without first consulting with

clients CPA.

On 5/3/2006 Respondent filed the answer denying the allegations of Claim and Complaint. The NASD ARBITRATION CLAIM was settled on 4/27/2007 by Salomon Smith Barney, Inc.. for \$35,000 to close the case. Respondent expressly denied that it was in any way liable or indebted to claimant and further denied it engaged in conduct alleged in the Lawsuit and Arbitration.

2. Financial Industry Regulatory Authority (FINRA) filed a letter addressing the receipt of a complaint alleging that between October 25, 2006 and November 3, 2006, Respondent effected 24 transactions (19 sales and five purchases in ten of different accounts) without receiving prior authorization for any of the transactions. The letter alleges the Respondent effected each transaction on a discretionary basis; therefore, Respondents actions constitute violations of NASD Conduct Rules 2510(b) and 2110.

Respondent pointed out that his team always discussed transaction strategies with clients and contacted clients prior to executing the trades. Unfortunately, in this time frame the phone records could not verify the trade confirmation calls with those specific clients. Respondent was obligated to take responsibility for the teams failure. Respondent had previously performed 30 years without experiencing any regulatory violations and has a track record of placing the clients interests first and has always been compliant with applicable rules and regulations.

On 11/19/2008 Respondent accepted the minimum penalties then offered by the regulator, which included a fine of \$10,000 with a 15 day suspension from association with any FINRA member. At this point in time respondent was no longer affiliated with a FINRA member.

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

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

The Blakeley Group Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

The Blakeley Group Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [dick@theblakeleygroup.com](mailto:dick@theblakeleygroup.com), or by calling us at (650) 968-4862.



The Blakeley Group Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

The Blakeley Group Inc. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

## **Item 12 Brokerage Practices**

The Blakeley Group Inc.. may require that clients establish brokerage accounts with either Schwab Institutional division of Charles Schwab & Co., Inc.. ("Schwab"), TD Ameritrade, Wells Fargo Investment Services, all FINRA registered broker-dealers, members of SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we require that clients establish accounts at Schwab, TD Ameritrade, or Wells Fargo Investment Services, it is the client's decision to custody assets with our designated custodians. The Blakeley Group Inc. is independently owned and operated and not affiliated with any of these custodians.

Our Custodians provide The Blakeley Group Inc. with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at a Custodial Institutional. These services are not contingent upon our firm committing to our Custodians any specific amount of business (assets in custody or trading commissions). Our Custodial brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Our Custodians generally do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the various Custodians or that settle into their accounts.

Our Custodial Institutional services also make available to our firm other products and services that benefit The Blakeley Group Inc. but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at our designated Custodians.

Our Custodial Services provide products and services that assist us in managing and administering our clients' accounts include software and other technology that::

i. provide access to client account data (such as trade confirmations and account statements);

- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Our Custodial Institutional also offer other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Our Custodians may make available, arrange and/or pay third-party vendors for the types of services rendered to The Blakeley Group Inc.. Our Custodial Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Our Custodial Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets with our Custodians, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by our Custodians, which may create a potential conflict of interest.

The Blakeley Group Inc. has an arrangement with National Financial Services LLC, and Fidelity Brokerage Annuity Services, through which Fidelity Annuity Services provides our firm with their "platform" services. The platform services include, among others, custodial, administrative support, record keeping and related services that are intended to support intermediaries like The Blakeley Group Inc. in conducting business and in serving the best interests of our clients but that may also benefit us.

## Item 13 Review of Accounts

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** Consulting Services clients will not typically receive reports due to the nature of the service.

## Item 14 Client Referrals and Other Compensation

### CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is The Blakeley Group Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## Item 18 Financial Information

As an advisory firm that ***maintains discretionary authority for client accounts***, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. The Blakeley Group Inc. has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

The Blakeley Group Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.