

# Chamberlain Consulting Group, LLC

## Part 2A of Form ADV

### The Brochure

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This Brochure provides information about the qualifications and business practices of Chamberlain Consulting Group, LLC (“Chamberlain” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (949) 553-0313. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Being a registered investment adviser does not imply a certain level of skill or training.

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

## Item 2. Material Changes

This item discusses only the material changes to Chamberlain’s business activities that occurred since the last annual update of Form ADV Part 2, which was filed on March 28, 2013.

- 1) The investment personnel of Chamberlain provide the majority of investment advice in their capacity as investment advisory representatives of Spire Wealth Management, LLC (“Spire”), an SEC registered investment adviser, under the supervision and control of Spire.

Currently, Chamberlain provides non-discretionary investment advice to a pooled investment vehicle, and non-discretionary investment advice to clients regarding the selection of third-party investment managers that will manage the clients’ portfolios on a separate account basis. See Item 4 – Advisory Business for more information about the investment advisory services offered by Chamberlain.

- 2) Due to the decrease in the amount of assets under Chamberlain’s management resulting from the change described above, the Firm was required to withdraw its investment adviser registration with the SEC, and instead, register as an investment adviser with the State of California.

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## **Item 4. Advisory Business**

- A. Chamberlain is a California limited liability company founded in 1998 and owned by Michael J. Kiley.
- B. Chamberlain provides investment advisory services on a non-discretionary basis to Blue Ocean Development Fund, LP (“Blue Ocean” or “Fund”), a privately offered Delaware limited partnership that makes opportunistic investments in real estate located in Panama, Costa Rica and Mexico. Blue Ocean is closed to new investors. Chamberlain does not currently recommend that Chamberlain clients invest in Blue Ocean.

Chamberlain also provides non-discretionary recommendations to clients with respect to the selection of third-party investment managers that will manage the client’s portfolio on a separate account basis.

- C. Chamberlain’s investment advice is tailored to each client’s individual needs and objectives.
- D. Chamberlain does not provide portfolio management services through a wrap fee program. However, it may recommend to clients that they engage a third-party investment manager that offers its services through a wrap fee program.
- E. As of June 30, 2013, Chamberlain had \$36,658,354 in regulatory assets under management, on a non-discretionary basis. Chamberlain does not manage assets on a discretionary basis.

Note: California residents, pursuant to 10 CCR Section 260.235.2:

A conflict exists between the interests of Chamberlain and the interests of the client. The client is under no obligation to act upon Chamberlain’s recommendation and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Chamberlain.

## Item 5. Fees and Compensation

- A. Blue Ocean pays Chamberlain an annual advisory fee equal to 1.0% of the aggregate capital commitments to the Fund during the investment period, and after the expiration of the investment period, a fee equal to 1.0% of (i) the aggregate paid-in capital less (ii) distributions constituting returns of capital, until the final liquidation and winding up of the Fund.

Separate account clients compensate Chamberlain based on a negotiated rate which varies depending upon the nature and scope of services to be provided, but generally falls within the tiered fee schedule described below, unless a flat fee is negotiated. Chamberlain's advisory fee arrangements are stated in each client's investment advisory agreement.

<u>Asset Size</u>	<u>Fee</u>
First \$3,000,000	0.90%
Next \$3,000,000	0.75%
Next \$4,000,000	0.60%
Next \$5,000,000	0.45%
Next \$10,000,000	0.35%
Thereafter	0.25%

Negotiated Flat Fee \_\_\_\_\_

In addition, Chamberlain may be requested by a client to provide an analysis on assets outside of the client's currently managed portfolio. This service will generally be provided at a rate of \$350.00 per hour.

Lower fees for comparable services may be available from other sources.

- B. The advisory fee is calculated quarterly based on the market value of the client's assets as reported by the client's custodian as of the last business day of each calendar quarter for which it is calculated. Blue Ocean pays the advisory fee quarterly in advance. Separate account clients will be billed quarterly after services have been rendered and payment is due upon receipt of the bill. With the written approval of the client, this fee may be withdrawn directly from the client's investment account(s).
- C. The advisory fees charged by Chamberlain are in addition to any applicable fees charged by those managing and administering the underlying investments, such as separate account managers. To the extent that client accounts are invested in mutual funds including money market funds, or private investment funds, these funds pay a separate layer of management, trading, and administrative expenses. In addition, clients will generally bear trade execution costs and custodial fees.
- D. Blue Ocean pays advisory fees quarterly in advance. The Blue Ocean investment management agreement may not be terminated before the end of a billing period; therefore, there will be no need for Chamberlain to return any pre-paid fees to the Fund.

Separate account clients do not pay advisory fees in advance. Each client contract generally is open-ended with no specific termination date. Either a client or the Firm may terminate an investment advisory contract at any time by written notice of cancellation. Any outstanding fees for service rendered to the effective date of termination shall be due and are payable in full. Failure of a client to pay fees within 30 days of billing will terminate an investment advisory agreement.

- E. Unrelated to Chamberlain's investment advisory services, Chamberlain's CEO, Michael Kiley, and a Financial Advisor, Kevin Murphy are associated with Spire Wealth Management, LLC ("Spire"), an SEC registered investment adviser and Spire Securities, LLC ("Spire Securities"), an SEC registered broker-dealer firm. Neither Spire nor Spire Securities are affiliated with Chamberlain. Mr. Kiley and Mr. Murphy spend the majority of their time providing investment advisory services to clients of Spire in their capacity as investment adviser representatives of Spire, and receive compensation from Spire for such advisory activities. Also, in their roles as registered representatives (brokers) of Spire Securities, Mr. Kiley and Mr. Murphy may receive compensation for the sale of securities. It is possible that clients of Chamberlain may also be clients of Spire and/or Spire Securities; however, Mr. Kiley and Mr. Murphy will not receive compensation for the sale of securities or other investment products recommended by Chamberlain. As noted in Item 4., Chamberlain provides non-discretionary recommendations to clients with respect to the selection of third-party investment managers. Chamberlain has no influence or control over the brokerage execution decisions made by the third-party investment managers and will not be compensated for any securities transactions made on behalf of Chamberlain clients.

Chamberlain's investment personnel also provide advice regarding insurance products, such as variable and fixed annuities, life insurance and disability insurance through an affiliated entity of Chamberlain, and such advice should not be considered to be investment advice provided by the Firm. Chamberlain does not assess an investment advisory fee for advice regarding insurance; however, clients who purchase insurance products through the Firm's affiliated entity will pay the normal fees and expenses associated with the insurance products. Certain of Chamberlain's associated persons are licensed insurance agents. As such, those individuals receive compensation from the sale of the insurance products to clients. Clients referred to Chamberlain's affiliated entities do not have an obligation to implement any recommendations through the affiliates.

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

Chamberlain does not charge advisory fees based on a share of the capital gains or capital appreciation of the securities in a separate account client's account (so called performance-based fees). However, with respect to Blue Ocean, Chamberlain is entitled to receive payment for Mr. Kiley's time spent on Fund administrative matters (the "Reimbursement Amount") at the hourly rate of \$500. The Reimbursement Amount may be paid by the Fund only after the limited partners have received a 20% IRR distribution and will increase based on the Fund's performance. For example, in the event the limited partners receive a 25% IRR distribution, the Fund may pay Chamberlain 200% of the Reimbursement Amount; and in the event the limited partners receive a 30% IRR distribution, the Fund may pay to Chamberlain 300% of the Reimbursement Amount. Such arrangement is described in the Fund's offering and organizational documents. As of August 31, 2013 no such fee has been paid to Chamberlain by Blue Ocean.

The fact that Chamberlain may receive compensation that is based in part on the investment profits of Blue Ocean may create an incentive for Chamberlain to make investment recommendations to Blue Ocean that are riskier or more speculative than would be the case in the absence of such compensation. In

addition, Chamberlain has an incentive to favor Blue Ocean over other clients from which it does not receive performance-based compensation. However, this conflict is mitigated by the fact that Blue Ocean pursues a vastly different investment objective than Chamberlain's other clients and, as such, Chamberlain recommends a vastly different investment strategy for the two groups of clients. In no instance will any client paying performance-based compensation receive preferential treatment over clients not paying performance-based compensation. As a fiduciary, Chamberlain recognizes its duty to act in good faith and with fairness in all of our dealings with all clients. Performance-based fees will only be charged in accordance with the provisions of CCR Section 260.234.

## **Item 7. Types of Clients**

Chamberlain provides customized investment advisory services to high net worth individuals and associated trusts, estates, retirement plans, or charitable organizations, and other corporations or business entities. Chamberlain does not impose any minimum account size or other conditions for managing these accounts.

Chamberlain also provides investment advice to Blue Ocean, a privately offered pooled investment vehicle that offered to persons who are "accredited investors" as defined under Regulation D of the Securities Act of 1933 (the "Securities Act") and "Qualified Clients," as defined in Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act"). The Fund is currently closed to new investors.

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

- A. In identifying third-party investment managers that may be appropriate for clients, Chamberlain uses a proprietary screening process to evaluate investment managers. The Firm's analysis includes the following:

### Screening for Candidates

- Outperforming managers across a full market cycle (5 years or more)

### Document Collection and Analysis

- Raw material to assess potential beyond the performance record

### Seeking a Sustainable Investment "Edge"

- What unique way can this manager add value above the market index?
- Alignment of manager and client motivation
- Health and structure of firm

### Operational Due Diligence

- Review of manager's business to help prevent fraud
- Meetings with investment team

### Investment Committee Review and Approval

- Assess all factors in group meeting

#### Review and Terminate Managers

- Review of long-term performance, firm stability, outlook for future returns

#### B. Risk of Loss

It is important to remember that all investments carry at least some degree of risk, which may include loss of some, or even all, of your investment. No particular type of investment, or approach to investing, is guaranteed to perform well, and there may be other investment vehicles, investment managers or approaches not recommended by Chamberlain that may perform as well or better. Clients should consider these factors carefully before deciding to invest. The main risks associated with Chamberlain's investment strategies or methods of analysis are described below.

*Market Conditions* – The prices of, and the income generated by, the securities owned by clients may decline due to market conditions and other factors, including those directly involving the issuers of securities held by clients. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

*Identifying Appropriate Third Party Investment Managers* – In order for Chamberlain to meet clients' investment objectives, it must be able to successfully identify third party investment managers that will deliver strong investment results, a process which is difficult even for those with extensive investing experience. Clients must rely on the ability of Chamberlain's investment professionals to identify successful third party investment managers. If Chamberlain is unable to identify and recommend successful investment managers, clients may lose all or a portion of their investments.

*Lack of Control of Third Party Managers* – Chamberlain will not have a direct role in the management of clients' assets that have been allocated to third party investment managers and will likely not have the opportunity to evaluate in advance the specific investments made by any third party manager. As a result, a client's investment results will primarily depend upon the choice of investments and other investment management decisions of third party managers. Investment returns could be adversely affected by unfavorable performance of such managers. Further, Chamberlain depends on third party managers to develop the appropriate systems and procedures to control operational risks. Operational risks arising from mistakes made in the confirmation or settlement of transactions, or other similar disruption in operations may cause the client portfolios to suffer financial losses.

C. Chamberlain does not limit its investment advice to any particular type of securities.

### **Item 9. Disciplinary Information**

Chamberlain and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of our firm or our employees.

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

#### A. Spire Securities

As disclosed in the "*Fees and Compensation*" section (Item 5) of this Brochure, Mike Kiley and Kevin Murphy are registered representatives of Spire Securities, a broker-dealer that is unaffiliated

with Chamberlain. Mr. Kiley and Mr. Murphy do not receive commissions or any type of sales-based compensation in connection with the investment advice that Chamberlain provides to clients.

- B. Neither Chamberlain nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

#### C. KFM Financial & Insurance Services Corporation

Michael J. Kiley is the Owner and President of KFM Financial & Insurance Services Corporation (“Chamberlain Insurance”), a company engaged in the business of selling annuities, life, and disability insurance. Mr. Kiley and several of Chamberlain’s employees are licensed insurance agents through Chamberlain Insurance. Clients who are interested in insurance products will be directed to Chamberlain Insurance for advice and recommendations regarding their insurance needs. Clients are under no obligation to act upon the recommendations of Chamberlain or Chamberlain Insurance and, if they do so, they are under no obligation to implement any such recommendations through Chamberlain Insurance. If a client decides to buy insurance through Chamberlain Insurance, the client will pay the normal fees and expenses associated with the insurance products. Chamberlain Insurance and the Chamberlain employee assisting the client will receive compensation in connection with those transactions. Chamberlain does not assess an investment advisory fee for advice regarding insurance, but does have a conflict of interest when providing insurance-related advice, since its employees have a financial incentive to recommend insurance products over other forms of investment vehicles.

#### D. Referral Arrangements

Chamberlain will recommend the advisory services of unaffiliated investment managers when it believes those investment managers could best achieve a client’s investment objectives. Chamberlain does not receive compensation directly or indirectly from those investment managers as a result of the recommendation.

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

#### A. Code of Ethics

Chamberlain has adopted a Code of Ethics which expresses the Firm’s operating principles of integrity, honesty and fiduciary duties that it owes to clients. The Code of Ethics sets forth a standard of business conduct expected of all our employees, as well as policies and procedures that each employee must follow to prevent activities which may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct.

Chamberlain’s Code of Ethics is available for review upon request.

#### B. Financial Interest in Client Recommendations



As disclosed in the “*Advisory Business*” section of this Brochure (Item 4), Chamberlain serves as investment adviser to Blue Ocean, and when appropriate, Chamberlain has in the past recommended that certain clients purchase an interest in Blue Ocean. Blue Ocean is closed to new investments; therefore, future Chamberlain clients will not be able to invest in Blue Ocean. Chamberlain had a conflict of interest in recommending Blue Ocean because it had a financial incentive to recommend this investment. To address this conflict, the Firm provided full and fair disclosure to clients and did not charge an investment advisory fee with respect to a client’s investment in Blue Ocean.

- C. Chamberlain does not recommend the purchase or sale of individual securities to Chamberlain’s clients; therefore, it does not face the conflicts of interest that may exist when Employees are permitted to invest personally in the same or similar securities that they recommend to clients. Nevertheless, Employees are required to pre-clear certain of their personal securities transactions, such as investments in private placements, with the Compliance Officer. Approval may be granted on a case-by-case basis, subject to a review of conflicts of interest by the Compliance Officer. If the possibility of a conflict of interest occurs, the client’s interest will prevail. Chamberlain will always give priority to clients’ interests over the personal interests of an employee. Regardless of whether employees’ securities transactions were pre-approved, all employees are required to report to the Compliance Officer their personal securities transactions on a quarterly basis, and to provide a detailed list of their personal securities holdings initially upon commencement of employment and annually thereafter. Chamberlain’s Compliance Officer reviews these submissions for the purpose of monitoring for conflicts of interest.
- D. Chamberlain does not generally recommend the purchase or sale of individual securities for client accounts. Moreover, Chamberlain does not have discretionary authority over its clients’ accounts; therefore, it does not have control over the timing of when a client will authorize the implementation of any of Chamberlain’s recommendations. Chamberlain does not believe that conflicts of interest exist with respect to the timing of its investment advice in relation to the timing of Employees’ personal securities transactions.

## **Item 12. Brokerage Practices**

- A. Chamberlain does not have discretion to select brokers for client transactions, but may recommend certain institutions to act as custodians for clients’ accounts. For those clients who do not already have a relationship with a custodian, Chamberlain will generally recommend the use of Schwab for custodian purposes, based on a number of factors, including reputation, on-line access to computerized data regarding clients’ accounts, and other administrative services that assist Chamberlain in providing advice and supervision of the clients’ accounts.. Schwab makes available software and other technology that:
  - provides access to client account data (such as duplicate trade confirmations and account statements);
  - provides pricing and other market data;
  - facilitates payment of fees from clients’ accounts; and
  - assists with back-office functions, recordkeeping and client reporting.

The Firm does not enter into any formal soft dollar or other similar arrangements with Schwab nor does it consider the receipt of client referrals as a factor in recommending this custodian. However, the receipt of these services is a benefit to Chamberlain, because it is relieved from having to generate such services through its own staff. Chamberlain has an incentive to recommend custodians based on its interest in receiving these services, rather than on a client’s interest in incurring lower costs or

fees. Chamberlain addresses this conflict of interest by periodically reviewing and assessing the reasonableness of fees paid in light of the total services provided by various custodians.

As disclosed in the “*Advisory Business*” section of this Brochure (Item 4), Chamberlain may recommend that clients engage one or more unaffiliated third party investment managers to manage components of a client’s overall portfolio. In such cases, the third party investment manager is solely responsible for broker selection and the commission rates paid with respect to the portion of the client’s portfolio under the third party manager’s investment supervision.

- B. Due to the nature of the Chamberlain’s advisory business, the Firm does not generally aggregate transactions for multiple client accounts.

### **Item 13. Review of Accounts**

- A. Chamberlain’s CEO, Michael J. Kiley, and Kevin M. Murphy review each client account at least monthly. The nature and level of the review is determined by the individual client’s needs and/or the Firm’s discretion. In addition, Chamberlain will attempt to hold quarterly meetings or teleconferences with clients to review the composition and performance of their accounts, and to review each client’s investment objectives to determine whether the investment strategy should be modified to meet the client’s needs.
- B. Factors triggering additional reviews, and perhaps triggering buy or sell recommendations, include changes in a client’s circumstances; changes in the general conditions of the stock and bond markets; changes in the economy; changes in mutual funds or individuals securities owned by clients; changes in third party investment managers; and changes in available investment opportunities.
- C. Chamberlain provides each client with a quarterly performance report that shows their historical account performance compared to relevant indices. Clients also receive account statements directly from the account’s custodian, at least quarterly, that detail the portfolio holdings and securities transactions made in the account. Clients should compare the statements they received from their custodian with those provided by Chamberlain.

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

- A. Chamberlain does not receive an economic benefit, including referral fees, from someone who is not a client, in connection with the investment advisory services provided to Chamberlain’s clients.
- B. Chamberlain does not compensate any unaffiliated person for client referrals.

### **Item 15. Custody**

Chamberlain previously disclosed in the “*Fees and Compensation*” section (Item 5) of this Brochure that clients may provide written authorization to the Firm to directly withdraw their advisory fees from their custodial accounts. As part of this billing process, the client and 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 and compare these statements to any account information that Chamberlain may provide. Clients should contact Chamberlain directly if they believe that there may be an error in their statement.

Other than Chamberlain's ability to directly debit advisory fees from clients' accounts, Chamberlain does not have actual custody of clients' funds or securities.

## **Item 16. Investment Discretion**

Chamberlain does not accept discretionary authority over client accounts.

Chamberlain does not have discretionary authority to engage a third party investment manager on a client's behalf. Clients will agree in advance to any third party investment manager recommended by Chamberlain and will enter into a separate investment adviser agreement directly with the selected investment manager.

## **Item 17. Voting Client Securities**

Chamberlain does not have, and will not accept, authority to vote client proxies. This policy is set forth in Chamberlain's standard advisory agreements. Clients are instructed to inform their custodians that Chamberlain should not be designated as the party to receive information on voting client proxies. Should Chamberlain inadvertently receive proxy information for a security held in clients' accounts, it would immediately forward such information on to clients, but will not take any further action with respect to the voting of such proxy. Upon termination of the advisory relationship, Chamberlain will make a good faith and reasonable attempt to forward proxy information inadvertently received on behalf of clients to the forwarding address provided by clients.

Clients may contact Chamberlain for advice or information about a particular proxy vote; however, Chamberlain shall not be deemed to have proxy voting authority solely as a result of providing such advice to clients.

## **Item 18. Financial Information**

Chamberlain has never filed for bankruptcy and is not aware of any financial condition that is expected to affect our ability to advise client accounts or otherwise meet our contractual commitments to clients.

## **Item 19. Requirements for State-Registered Advisers**

- A. Please refer to the ADV Part 2Bs attached.
- B. Chamberlain is not engaged in any other business activity and spends 100% of its time providing investment advice. Please refer to ADV Part 2B for other business activities in which Chamberlain's management persons are engaged.
- C. With respect to Blue Ocean, in addition to investment advisory fees, Chamberlain is entitled to receive administrative fees for certain non-investment advisory services provided to the Fund by Mr. Michael Kiley, which amounts will vary subject to the Fund's performance. Chamberlain is entitled

to receive reimbursement for Mr. Kiley's time spent on Fund administrative matters at an hourly rate of \$500 ("Reimbursement Amount"). The Reimbursement Amount may be paid by the Fund only after the limited partners have received a 20% IRR distribution. In the event the limited partners receive a 25% IRR distribution, the Fund may pay Chamberlain an additional administrative fee equal to 200% of the Reimbursement Amount; and in the event the Limited Partners receive a 30% IRR distribution, the Fund may pay to Chamberlain an additional administrative fee equal to 300% of the Reimbursement Amount. Such arrangement is described in the Fund's offering and organizational documents. To date, no such administrative fees have been paid to Chamberlain by Blue Ocean.

The fact that Chamberlain may receive compensation for administrative services that is based in part on the investment profits of Blue Ocean may create an incentive for Chamberlain to make investment recommendations to Blue Ocean that are riskier or more speculative than would be the case in the absence of such compensation.

- D. Neither Chamberlain nor any of its management persons have been involved in any disciplinary or arbitration event that requires disclosure under this item.
- E. As described in Item 4., Chamberlain serves as a non-discretionary investment adviser to Blue Ocean. Steadfast Investment Management, Inc. ("Steadfast") a California corporation that is not affiliated with Chamberlain serves as the general partner of Blue Ocean. Chamberlain consults with Steadfast to provide investment management services to the Fund.