

Item 1 – Cover Page

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**July 31, 2013**

This Brochure provides information about the qualifications and business practices of Crowell, Weedon & Co. If you have any questions about the contents of this Brochure, please contact Audrey Maxwell at (213) 620-1850 or at [amaxwell@crowellweedon.com](mailto:amaxwell@crowellweedon.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 Crowell, Weedon & Co. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

The date of the last annual update of Crowell, Weedon & Co.'s brochure was July 31, 2012. The changes in this Brochure from our previous Brochure are summarized below:

- ❖ On April 30, 2013, Crowell, Weedon & Co.'s Partners agreed to a merger with D.A. Davidson & Co. Founded in 1935, D.A. Davidson & Co. is a dually registered broker dealer and investment adviser, with offices located primarily in the Pacific Northwest and Rocky Mountain regions. The merger is scheduled to be finalized on or about July 31, 2013. Initially, Crowell, Weedon & Co. will become a wholly owned subsidiary of Davidson Companies, the parent of D.A. Davidson & Co. Crowell, Weedon & Co. will operate as a separate dually registered broker dealer and investment adviser until it completes a conversion of its books and records to D.A. Davidson & Co. The anticipated completion date of the conversion to D.A. Davidson & Co.'s books and records is December 31, 2013. Upon completion of the conversion, Crowell, Weedon & Co. will operate as a division of D.A. Davidson & Co., For more information about D.A. Davidson & Co. and Davidson Companies, please go to [www.davidsoncompanies.com/dc/](http://www.davidsoncompanies.com/dc/)
- ❖ As of January 2013, Kurt Tourville, portfolio manager for DS Balanced portfolios, an internal wrap program, was no longer with Crowell, Weedon & Co. As such, DS Balanced portfolios is no longer offered by Crowell, Weedon & Co.
- ❖ In May 2012, Crowell, Weedon & Co., entered into an Acceptance Waiver and Consent with the Financial Industry Regulatory Authority (FINRA) that resulted in a censure and a fine of \$40,000.00 for failing to qualify and register three individuals as Registered Principals and for not maintaining written supervisory procedures to properly identify qualification requirements for associated persons.

At your request, we will provide you with a new Brochure based on changes or new information, at any time, without charge. Please call us at (213) 620-1850 to request a copy. You may also visit our web site at [www.crowellweedon.com](http://www.crowellweedon.com) to download a copy.

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## Item 4 – Advisory Business

### Firm Description

Crowell, Weedon & Co. (CWCO) was founded in 1932 as a privately held California Limited Partnership. CWCO is a dually federally registered Investment Advisor and Broker-Dealer and is headquartered in Los Angeles, California.

In July 2013, Crowell, Weedon & Co. and D.A. Davidson & Co. (“D.A. Davidson”) entered into an agreement to merge. CWCO is a Davidson owned affiliate doing business as a separate dually registered broker dealer and investment adviser. The structure of the CWCO management essentially remains the same and the Firm continues to operate under the same organization. Approximately six to nine months later, CWCO will be merged with and into D. A. Davidson, a wholly-owned subsidiary of Davidson Companies.

D.A. Davidson was founded in 1935 and is an employee-owned, full-service brokerage firm registered investment adviser. Through its Individual Investor Group, D.A. Davidson offers a wide range of financial services. D.A. Davidson has approximately 325 financial advisors and over \$25 billion in client assets under administration and management.

D.A. Davidson maintains a branch network of financial advisors who work primarily in the Northwest, Rocky Mountain and Midwest regions. CWCO maintains a branch network of financial advisors primarily in the Pacific Southwest region. This combination will complement both organizations, create a better use of resources and will make more services available to you.

CWCO continues to have 13 retail branches in Southern California in the locations below:

- Big Bear Lake
- Carlsbad
- Covina
- Encino
- Fresno
- La Jolla
- Los Angeles
- Long Beach
- Newport Beach
- Pasadena
- Santa Barbara
- Ventura
- Westlake Village

Clients include individuals, pension and profit-sharing plans, IRA's, 401(k) plans and participants, 403(b)(7) plans and participants, trusts, charitable remainder trusts (CRTs), estates, and not-for-profit organizations. Client portfolios are managed on a discretionary or non-discretionary basis, depending on the needs of the client. Regarding discretionary accounts, clients have the ability to place reasonable restrictions on the types of investments that may be purchased. Thereafter, CWCO and its Investment Adviser Representative will make account decisions that are consistent with the client's investment objectives and risk tolerance. A non-discretionary account requires CWCO to obtain client authorization before it makes any investment decisions. The investment management and supervisory services that clients receive depends on the client's individual financial and personal needs, investment objectives, risk tolerance, and time horizon.

### Principal Owners

CWCO is a wholly owned subsidiary of D.A. Davidson and D.A. Davidson is a wholly owned subsidiary of Davidson Companies, a financial services holding company. Within the next six to nine months CWCO will be merged with and into D. A. Davidson and CWCO will become a division of D.A. Davidson.

### Types of Advisory Services

CWCO-IA offers a variety of investment management programs, which include customized portfolios, Advisor as manager programs, internal asset management programs, outside third party platform providers, separately managed asset programs, and mutual fund fee-based programs. Generally, investment management programs are for investors with a medium to long-term time horizon; however, various programs may be appropriate for certain investors with a short-term time horizon. Different time horizons may exist within a single portfolio.

With the assistance of your Investment Adviser representative (IAR), you will select an appropriate program based upon your individual needs. These include, but are not limited to, financial and personal needs, investment objectives, risk tolerance, and time horizon.

### Advisor as Manager program

The Advisor as Manager program is an investment management plan that enables CWCO-IA's IAR to continuously and actively manage your account in accordance with your investment policy statement or selected investment strategy. CWCO-IA's IARs may, at your direction, be granted discretion over your account. Funds and securities may be held at CWCO-BD, Pershing, Schwab, TD Ameritrade, or the qualified custodian of an outside third party manager.

### Crowell Weedon Advisor Accounts:

- ❖ **CW Portfolio Advisor and CW FundPort Advisor** – Portfolio Advisor accounts are generally comprised of equity and fixed income investments. FundPort portfolios are primarily designed for mutual fund investing, although these portfolios may also contain ETFs. There are no ticket charges or over-limit trading charges for CW Portfolio Advisor, CW Fixed Income Advisor or CW FundPort Advisor. However, the CW Portfolio Advisor and CW FundPort Advisor portfolios have been designed for long-term investment accounts, not for actively traded accounts. Certain account activity may require the conversion to CW Portfolio AdvisorPlus at the sole and absolute discretion of CWCO. CWCO will provide you with written notice within 5-business days prior to converting your account to CW Portfolio AdvisorPlus.
- ❖ **CW Portfolio AdvisorPlus** - The CW Portfolio AdvisorPlus has been designed for accounts with more activity but may also be used for inactive accounts. In addition to the Management Fee, if CWCO-BD is either the Broker-Dealer or Custodian for your Account, you will also be assessed a \$15.00 per trade transaction fee which is intended to offset the total costs associated with completing transactions and managing the level of your activity. If you select another Broker-Dealer or Custodian, the transaction fees, if any, will be determined by the other Broker-Dealer and/or Custodian.
- ❖ **CW Asset Manager** – These types of accounts are used when a CWCO IAR refers the management of your account to another CWCO money manager. You may be charged an additional 0.50% management fee for the Asset Manager's services. The management fee will be divided between the Investment Adviser Representative and the Asset Manager in accordance with the applicable fee and compensation schedules. (Please see page 3 for additional information on CW Asset Manager programs).

**Third party Platform Providers:**

Outside third party platform providers may include separately managed assets, UMAs and/or mutual fund/ETF fee-based programs. These programs are selected through a detailed review process by Executives of the outside third party platform providers. Outside third party platform providers may select funds and programs using a screening process that looks at various investment criteria, including risk-adjusted performance, management continuity, portfolio composition, investment style, expense structure, turnover rate, asset growth rate, asset allocation and various risk measurements. CWCO-IA currently uses Envestnet, and Lockwood Advisors as Third Party Platform providers. CWCO also uses Schwab Institutional. Outside third party platform providers, managers and consultants are not affiliated with CWCO-IA.

Patrick Trust/Deutsche Bank relationship

**Third Party Money Managers (Crowell Weedon Direct):**

Crowell Weedon Direct allows investors to directly access independent investment managers on a dual contract service basis. This arrangement generally allows for lower pricing than when using outside platform providers directly. CWCO-BD provides trade execution and custody services. Managers currently in the program include:

- Affinity Investment Advisors, LLC ([www.affinityinvestments.com](http://www.affinityinvestments.com))
- Ativo Capital Management ( [ativogroup.com](http://ativogroup.com))
- Capstone Asset Management ([www.capstonefinancial.com](http://www.capstonefinancial.com))
- Davidson Investment Advisors ([www.davidsoncompanies.com/dia](http://www.davidsoncompanies.com/dia))
- Dorsey, Wright & Associates ([www.dorseywrightmm.com](http://www.dorseywrightmm.com))
- Efficient Market Advisors ([www.efficient-portfolios.com](http://www.efficient-portfolios.com))
- First Republic Investment Management ([www.firstrepublic.com](http://www.firstrepublic.com))
- First Trust Advisors, L.P. ([www.ftportfolios.com](http://www.ftportfolios.com))
- Kelly Capital Management, LLC ([www.kcm-invest.com](http://www.kcm-invest.com))
- Lateef Investment Management ([www.lateef.com](http://www.lateef.com))
- Main Management, LLC ([www.mainmgt.com](http://www.mainmgt.com))
- Miller, Tabak Asset Management ([www.millertabakam.com](http://www.millertabakam.com))
- Ocean Park Asset Management ([www.oceanparkam.com](http://www.oceanparkam.com))
- Robert Bender & Associates ([www.robertbender.com](http://www.robertbender.com))
- Russell Investments ([www.russell.com](http://www.russell.com))
- SFE Investment Counsel ([www.sfeic.com](http://www.sfeic.com))

Third party Money managers are not affiliated with CWCO-IA. For additional information and a copy of the third party money manager's disclosure document, please contact the appropriate manager or your CWCO Financial Advisor.

**Crowell Weedon Asset Management (CWAM) Programs:**

CWAM consists of portfolio managers at CWCO who manage their clients' accounts as well as manage the portfolios of clients referred to them by other IARs. CWAM clients may be charged an additional 0.50% Management fee for the Asset Manager's services. Therefore, clients invested in CWAM programs may pay

higher fees than clients whose accounts are not invested in a CWAM program. Clients are generally charged one management fee which is shared between the Asset Manager and referring IAR.

CWAM programs include Eagle Investment Portfolio, Foundations Portfolio, and Montecito Investment Portfolios. A brief description of each CWAM program is below:

#### CWAM - Eagle Portfolio

Eagle Portfolio is a fee-only investment advisory program introduced through CWCO-IA. The Eagle Investment program employs a standardized portfolio approach, utilizing equity securities and a covered call writing strategy. The program focuses on “high quality stocks” that pay dividends and sell call options. The investor receives income in the form of dividends, and cash flow is increased through premiums received from selling “covered calls”. Investors best suited for this program are neutral to moderately bullish on the stock market, willingly limit upside potential in exchange for increasing cash flow, and would like to be paid for assuming the obligation of selling a particular stock at a specified price in the future. Acceptable asset classes of investment vehicles include: common stock, convertible stock, preferred stock, American Depositary Receipts, covered-call options contracts, partnerships, municipal debt, treasury and government agency debt, investment-grade corporate debt, ETNs, ETFs, Mutual funds and money market funds.

#### CWAM - Foundations Portfolio

Foundations is a fee-only investment advisory program introduced through CWCO-IA, and is designed to be the foundation of a long-term investor’s core assets. It is appropriate for both private investors and fiduciaries, and can be tailored to meet the needs of either taxable or non-taxable accounts. Four alternative strategic asset allocation models are structured according to a client’s primary goals: Capital Preservation, Income with Growth, Growth with Income, or Capital Appreciation. *Foundations* use an investment process that seeks to actively align the portfolio with long-term client goals while adjusting for risks and opportunities in the shorter-term. An appropriate investment posture is generally different in each of the four distinct phases of the economic cycle: Early Growth, Mature, Early Decline, and Recession. Portfolio Managers seek to navigate the economic cycle by tactically adjusting the asset allocation within permitted ranges and selecting securities based upon fundamentals, valuation and market conditions. A *Foundations* Portfolio invests in four distinct asset classes: stocks, debt securities, cash equivalents, and shares representing hard assets. Foundations portfolios may hold individual securities, exchange-traded funds, and/or mutual funds at net asset value.

#### CWAM - Montecito Investment Portfolios (Balanced Asset Allocation)

Montecito Investment Portfolios is a fee-only investment advisory program introduced through CWCO-IA. The mission of Montecito Investment Portfolio is to provide diversified, disciplined, long-termed investment solutions, and service and guidance to help our clients. Assets are generally allocated amongst ownership of corporate stock, income securities, and income producing real estate and asset based securities. Using these asset classes and rebalancing to a client’s allocation range generally creates a strategy for clients to endure change over economic cycles. Additionally, over the long term, rebalancing helps provide the discipline for assets to be purchased at lows vs. highs; and usually reduces the overall volatility of a portfolio. Eligible securities include individual debt and equity securities, mutual funds, index funds, exchange-traded funds, master limited partnerships, and other eligible securities the manager deems appropriate. Options and futures are prohibited.

### **Financial Planning Services**

On more than an occasional basis, CWCO furnishes advice to clients on matters not involving securities. Financial planning services will typically involve the review of a client's overall financial situation, personal and financial goals, risk tolerance, investment objectives, and time horizon. Financial planning services may include, but are not limited to:

Portfolio Review and Evaluation	Retirement Account Analysis
Cash Flow and Net Worth Analysis	Risk Management Analysis
Retirement Planning	Planning for Family Member Special Needs
Education Funding Planning	Consulting with Qualified Plan Sponsors
Assist in developing a Financial Plan	Assist in the development of an Estate Plan & Insurance

### **Tailored Relationships**

CWCO offers a variety of financial services to both existing and prospective clients that are tailored to your stated objectives. Each client whose account is managed on a discretionary basis is required to execute an Investment Policy Statement (IPS) for that account. An IPS includes the client's investment objectives and risk tolerance as well as guidelines of how the portfolio is to be managed, and any restrictions on investing in certain securities or types of securities in the portfolio. The IPS is generally executed by you, your financial advisor and supervisor of the financial advisor.

### **ERISA Statement**

This section applies if you are (i) a pension or other qualified employee benefit plan (including a 401(k) plan) governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) a tax-qualified retirement plan under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and not covered by ERISA; or (iii) an individual retirement account ("IRA") under Section 408 of the Code.

### **CWCO's Role**

- (A) CWCO is registered as an investment adviser under the Investment Advisers Act of 1940.
- (B) In performing the Fiduciary Services, CWCO-IA is acting as a fiduciary of the Plan under ERISA for purposes of providing discretionary and non-discretionary investment advice.
- (C) CWCO-IA will disclose, to the extent required by ERISA Regulation Section 2550.408b, any change that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which CWCO-IA is informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).
- (D) In accordance with ERISA Regulation Section 2550.408b-2(c)(1)(vi)(A), we will disclose within thirty (30) days following receipt of a written request of the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to any compensation or fees received in connection an Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title I of ERISA and the regulations, forms and schedules.
- (E) If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the corrected information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

- (F) Please refer to the “Investment Advisor Services & Fee Disclosure” document that you received at the opening of your ERISA account. The disclosure provides you with information related to Crowell Weedon’s compensation and conflicts of interest.

If you are an ERISA qualified client, you are required to provide CWCO-IA, IAR, and Portfolio Manager(s), as applicable, with complete copies of all documents that establish and govern the plan and evidencing your authority to retain CWCO-IA, IAR, and Portfolio Manager(s). You are also required to promptly provide CWCO-IA, IAR, and Portfolio Manager(s) with any amendments to the plan. You also agree that, if any amendment affects the rights or obligations of CWCO-IA, IAR, and/or Portfolio Manager(s), such amendment shall be binding on CWCO-IA, IAR, or Portfolio Manager(s) only when agreed to in writing.

You agree to maintain appropriate ERISA bonding for the managed account(s) and to include within the coverage of the bond CWCO-IA, IAR, and Portfolio Manager(s), as applicable, and their personnel and representatives as may be required by law.

The authorization granted to CWCO-IA permitting us to effect securities transactions on your behalf through CWCO-BD may be revoked at any time, without penalty. We are required to advise you annually of this right to revoke your authorization. Revocation is effective upon CWCO-IA’s receipt of the completed form below signed by an authorized fiduciary. If you do not provide CWCO-IA with a completed form, CWCO-IA will continue to engage in these transactions on your behalf.

☐ CWCO-IA’s authority to execute securities transactions on my behalf with CWCO-BD is hereby revoked.

This revocation will not impact other services provided by CWCO-IA.

Client Account Number: \_\_\_\_\_

Client Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## **Assets under Management**

As of April 30, 2013, CWCO-IA manages assets below:

	<b>Assets Under Management</b>	<b>Total# of Accounts</b>
Discretionary	530,395,775	1,334
Non-Discretionary	513,434,117	1,602
<b>Total</b>	<b>1,043,829,892</b>	<b>2,936</b>

## **Item 5 – Fees and Compensation**

All fees are negotiable.

Fees are computed and payable quarterly, in advance, and are calculated based on the closing market value of the assets in your managed account held on the last day of the previous quarter.

If your account is terminated prior to the end of the quarter, the fee for that quarter will be prorated for the number of days the account was open during the quarter and any overpayment for the quarter, will be returned to you following the closing of the account. Conversely, if an account is opened after the beginning of a quarter, the account will be only be charged for the number of days remaining in the quarter.

If there is not enough cash or funds in your managed account to pay the management fee, the account will be rebalanced to generate sufficient funds to meet the expense charged. You may be billed for any unpaid balances due after your account is closed.

CWCO-IA's annual management fee ranges from 0.25% to 3.00% of the account's value. The fee charged to you will depend on the program selected and the assets under management in accordance with CWCO-IA fee schedule. Initial investment amounts will vary depending upon the program you select. Account Fees are negotiable and subject to discounts on an Advisor-by-Advisor or account-by-account basis. Fees are designed to cover all client costs except costs incurred because of special requests for services not provided by your Advisor account.

No portion of the Management Fee is based on a sharing of capital gains or capital appreciation of the Assets and no increase in the Quarterly Management Fee will be initiated without prior written notification to you.

CWCO-IA may charge you a fee based on (i) a percentage of the Account value, or (ii) on a commission basis. You will pay either a commission or a fee, but not both. CWCO-IA will not charge both commissions and fees to an account under management. CWCO-IA may also allow its IARs, if agreed to by you, to offer investment management services based on an hourly rate. AdvisorPlus account will incur a per transaction fee in addition to the Quarterly Account management fee. Advisor Plus charges a \$15 transaction fee and a reduced asset fee.

**CW Portfolio Advisor - Equity & Balanced Accounts**

	Portfolio Value	Annual Maximum Fee
First	- \$250,000	2.50%
Next	- \$250,000	2.25%
Next	- \$500,000	2.00%
Next	- \$1,000,000	1.75%
Next	- \$3,000,000	1.50%
Over	- \$5,000,000	Negotiable

**CW Portfolio Advisor Plus - Equity & Balanced Accounts**

	Portfolio Value	Annual Maximum Fee
First	- \$250,000	2.25% +\$15/trade
Next	- \$250,000	2.00% +\$15/trade
Next	- \$500,000	1.75% +\$15/trade
Next	- \$1,000,000	1.50% +\$15/trade
Next	- \$3,000,000	1.50% +\$15/trade
Over	- \$5,000,000	Negotiable +\$15/trade

**CW Fixed Income Advisor – Fixed Income Accounts**

	Portfolio Value	Annual Maximum Fee
First	- \$500,000	1.00%
Next	- \$500,000	0.90%
Next	- \$1,000,000	0.85%
Next	- \$3,000,000	0.80%
Over	- \$5,000,000	Negotiable

**CW FundPort Advisor – Mutual Fund Accounts**

	Portfolio Value	Annual Maximum Fee
First	- \$50,000	2.00%
Next	- \$50,000	1.75%
Next	- \$150,000	1.50%
Next	- \$250,000	1.25%
Over	- \$500,000	1%

**Minimum Fee Requirement:** CW Portfolio Advisor for Equity & Balanced accounts, CW Portfolio AdvisorPlus and CW Asset Manager accounts are subject to a minimum annual Management Fee of \$1,500.00, billed quarterly in advance. CW Fixed Income Advisor accounts are subject to a minimum annual Management Fee of \$2,500.00, and CW FundPort Advisor accounts are subject to a \$500.00 minimum annual fee, also billed quarterly in advance.

At the time of establishing a managed account, you will select the options for paying the management fee to CWCO-IA or to an approved outside third party manager. Under the options, clients will pay this fee as part of their total management fee, which is defined in the Investment Management agreement.

Generally, when you execute CWCO's Management Agreement, you are authorizing CWCO-IA to invoice the Custodian for the Management Fee and direct and authorize the Custodian to deduct the amount stated in the Management Agreement directly from your Account. You also direct and authorize CWCO-IA to instruct the Custodian to send you a statement, at least quarterly, indicating all activity in your account including the Management Fee paid from the account. It is your responsibility to verify that the management fee and the calculation of the fee is accurate. Neither CWCO-IA nor the Custodian will determine whether the management fee is accurate or was properly calculated.

Unless you provide otherwise in your advisory agreement, all fees owed to CWCO-IA in connection with a managed account are automatically debited from your managed account or, at your direction, from another one of your accounts held by CWCO-IA. You may also authorize fee payment from your brokerage account to pay for financial planning services. If you participate in outside third party managed programs where CWCO-BD is not the custodian, you may be billed quarterly, in advance by another Custodian for management services.

Other fees that you may be charged may consist of custody and clearing fees, reporting fees, outside money manager fees, on-going mutual fund fees and expenses imposed by the mutual fund company. Additional fees other than those described above may apply depending on the products and services used.

Some mutual fund companies offer Advisor Class shares that do not carry 12b-1 fees. Whenever possible, CWCO will try to place "non-fee" Advisor Class shares into your account. For those fund companies that do not offer Advisor Class shares, it is the general policy of CWCO not to pay 12b-1 fees to its Investment Advisor Representatives.

You may make additions to and withdrawals from your CW Account at any time, providing sufficient funds are available and subject to CWCO's right to terminate the account if it falls below the minimum portfolio requirement of \$75,000.00 (or \$187,500.00 for Fixed Income and \$20,000.00 for FundPort Advisor). If Assets are deposited into the Account after the inception of the quarter that exceed \$40,000.00, (or \$200,000.00 for Fixed Income and \$10,000.00 for FundPort), the Management Fee payable on the additional Assets will also be prorated based on the number of days remaining in the quarter and deducted from the Account. You may withdraw Assets from your CW Account after providing CWCO with notice. All withdrawals are subject to customary securities settlement procedures. For partial withdrawals in excess of \$40,000.00, (or \$200,000.00 for Fixed Income and \$10,000.00 for FundPort), within a billing period, CWCO will credit any unearned Management Fee to the next quarter's Fee. Withdrawals or deposits for less than these amounts will not be prorated in the calculation of your management fees.

Managed accounts may include traditional open-end actively managed mutual funds that are either no-load or load-waived funds. Exchange Traded Funds ("ETFs") — managed accounts may be comprised of ETFs that are exchange traded index mutual funds. Other managed account types may implement active sector and tactical asset management techniques utilizing short selling, leveraging and rotation among asset classes or sectors, and derivative strategies. As previously mentioned CWCO-BD is a registered broker-dealer and is a member of Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC"). Transactions are executed by CWCO-BD or the broker-dealer you selected by the qualified custodian, depending on where the assets are maintained. Clearing firm fees and execution charges vary among firms and you may pay higher or lower execution costs depending upon the fee schedule of each clearing entity or qualified custodian.

You may be able to purchase services similar to those recommended by CWCO-IA from other service providers not affiliated with CWCO-IA. These services may cost more or less than the services offered by CWCO-IA, depending on the fees charged by such other service providers.

### **Fees for CW Direct Program**

If you participate in an outside managed program, the annual management fee will generally not exceed 3.00%. CWCO-IA, IARs, and outside third party platform providers and managers, at their discretion, may provide discounts from the basic fee arrangement to you, employees, partners, directors, employee-related accounts, affiliates, and IARs.

In addition to the Management Fee you may also incur certain charges imposed by unaffiliated third parties. Such charges may include custodial fees, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), certain deferred sales charges, odd-lot differentials, transfer taxes, wire transfer fees and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions to facilitate the servicing of your account. Such charges, fees and commissions are exclusive of, and in addition to, CWCO-IA's fee, and CWCO-IA does not receive any portion of these commissions, fees, and costs.

### **Fees for Financial Planning Services**

Financial Planners may not conduct financial planning activities, for a fee, without first receiving approval from you and the Investment Policy Committee. Fees for financial planning services will vary depending on the scope of services provided, complexity of the financial plan, the types of issues addressed, and the frequency that services are rendered.

CWCO-IA requires completion of a Financial Planning Services Agreement ("Agreement") executed by you and your IAR, and delivery of the CWCO Disclosure Brochure. Financial Planning Fees are negotiable between you and the IAR. You may be charged a separate fee for Financial Planning services, or such financial Planning services fees may be included in the normal and customary fees for Advisory services.

You will never make a financial planning services fee payable to your IAR. All financial planning services fees are to be made payable to Crowell, Weedon & Co.

The financial planning services fees described above are for services rendered by CWCO-IA and the IAR and do not include fees incurred by you with other professionals (i.e., personal attorney, independent investment advisor, consultants, or accountant) in connection with the financial planning process.

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

Fees are not based on a share of the capital gains or capital appreciation of your assets.

CWCO does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the Financial Adviser to recommend investments that may carry a higher degree of risk to you.

## Item 7 – Types of Clients

Clients include individuals, high net worth individuals, pension and profit-sharing plans, 401(k) plans and participants, 403(b)(7) plans and participants, charitable organizations, corporations and businesses, and not-for-profit organizations.

**Minimum Account Size:** Generally, the type of managed program will determine the initial and on-going account balance requirements. CW Portfolio Advisor for Equity and Balanced accounts, CWPortfolio AdvisorPlus and CW Asset Manager accounts are subject to a minimum initial market value of \$100,000.00. CW Fixed Income Advisor accounts are subject to a minimum initial value of \$250,000.00 and CW FundPort Advisor accounts are subject to a minimum initial value of \$25,000.00. For internally managed programs, CWCO-IA may permit you to invest less than the program's initial investment amount or allow you to aggregate multiple account balances to meet the minimum investment amount if CWCO-IA believes that, based on information you provide to your IAR, investing a lower amount is appropriate for you or you have established additional managed accounts with CWCO-IA or the IAR.

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

Securities analysis may include charting, fundamental, technical, cyclical, and quantitative methodologies.

Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure.

Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.

Cyclical analysis generally involves studying the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

Quantitative analysis generally seeks to understand behavior by using complex mathematical and statistical modeling, measurement and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically.

We may also apply our proprietary research and analytics, portfolio diagnostics and risk management to the development of investment portfolios and solutions to achieve your objectives.

CWCO-IA does not represent, warrant or imply that the services or methods of analysis used by CWCO-IA can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections, crashes, or extraordinary events. We cannot guarantee you that we will achieve your goals or objectives. Further, no promises or assumptions can be made that the advisory services offered by CWCO-IA will provide a better return than other investment strategies. Investing in securities involves risk of loss that you should be prepared to bear. Past performances of any recommended managers or funds or securities, or

the success of a manager is no guarantee of future success. There can be no assurance that you will not incur losses. The following risk factors are not intended to be a full or complete listing of all the risks involved in investing, and you should engage in your own evaluation of such risks.

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, the face value on existing bonds become less attractive, causing their market values to decline. Similarly, equities may also suffer from a rising interest rates. Therefore, in real terms, your portfolio may not keep up with the rate of inflation.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events that may cause prices to fall.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk. Investments made in foreign countries may depreciate if the corresponding value of the country's currency goes down.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of potential profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many individuals are interested in buying or selling a standard asset or product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Item 9 – Disciplinary Information

In the past, we have entered into certain settlements with our regulators and other third parties and have been subject to adverse legal and disciplinary events. Below are summaries of certain events that may be material to your decision of whether to retain us for your investment advisory needs. Please note that the disclosures discuss disciplinary events associated with CWCO's broker dealer activities and do not specifically relate to the firm's investment advisory business. In addition to the descriptions below, you can find additional information regarding these settlements in Part 1 of CWCO's Form ADV at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

On May 30, 2012, FINRA imposed a censure and \$40,000 fine on CWCO for failing to require three individuals in supervisory capacities with respect to the firm securities business obtain the Series 24 as required by NASD

Membership and Registration Rule 1022. As a condition of the sanction, CWCO fulfilled its obligation to:

- (a) Ensure that all the firm's employees are properly registered;
- (b) Ensure that the unregistered individuals mentioned above do not act in a supervisory capacity until they obtain a Series 24 license;
- (c) Revise the firm's written supervisory procedures to clearly designate the individuals responsible for supervision and how often such steps should be taken

On May 30, 2008, the Financial Industry Regulatory Authority (FINRA), censured and fined CWCO \$25,000 for violating the Securities Exchange Act and NASD rules. Between November 2004 and December 2005, CWCO was the subject of findings from four separate examinations conducted by the NYSE Division of Member Firm regulation. In the 2004 Sales Practice Unit ("SPRU") examination, the firm was found to have failed to have promptly filed a Form RE-3 with the NYSE on two separate occasions in connection with the misappropriation of funds by firm employees. In the 2004 and 2005 financial and operation examinations, the firm was found to have a business continuity plan that failed to meet the required elements. In the 2004 and 2005 SPRU examinations, the firm was found to have failed to properly complete its handwritten order tickets.

On May 21, 2007, the New York Stock Exchange (NYSE) issued an order censuring and fining CWCO \$225,000 for violating NYSE Rule 401(A) in that it did not at all times adhere to the principles of good business practice in the conduct of its business affairs, by:

- (a) Failing to timely deliver prospectuses in connection with certain sales of registered securities in violation of Section 5(B)(2) of the Securities of Act of 1933.
- (b) Failing to disclose to customers that its Registered Representatives were given opportunities to attend Sales Conferences at resort locations, and to receive increased commission compensation from the firm, with respect to customer transactions in certain investment products.
- (c) Violating NYSE Rule 100(B) in that it failed to deliver product descriptions in connection with the sales of certain Exchange Traded Funds.

Violated NYSE Rule 342 by failing to have policies and procedures in place reasonably designed to:

- (a) Cause prospectuses or product descriptions to be delivered to customers in connection with certain sales of registered securities, as required.
- (b) Cause disclosure to customers that its registered representatives were given opportunities to attend sales conferences at resort locations, and transactions in certain investment products.

On April 15, 2002, the New York Stock Exchange (NYSE) issued an order censuring and fining CWCO \$55,000 for:

- (a) Violating Rule 345(A) in that the firm permitted registered persons who had not complied with their continuing education requirement to perform their duties;
- (b) Violating Rule 401 in that the firm failed to adhere to the principles of good business practice by failing to conduct any formal analysis or review of data with respect to its obligation to provide best executions for its customers orders;
- (c) Violating Rule 346.16 in that the firm failed to implement reasonable supervisory procedures to review the outgoing correspondence of producing Branch Managers.

- (d) Violating Rule 342 in that the firm failed to provide reasonable supervision and a separate system of follow-up review to assure that continuing education and best execution requirements were complied with

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

### **Broker-Dealer:**

Crowell, Weedon & Co. is dually registered as a broker-dealer and investment advisor. As such, most, if not all of the IARs are licensed to sell securities in their capacity as Registered Representatives (“RR”) of CWCO-BD. As Registered Representatives, they may have an incentive to recommend that clients open a commission-based account and receive commission compensation for selling securities in the broker dealer. This is a conflict of interest. To mitigate this conflict, CWCO’s IARs may purchase or sell the same security in the same clients’ BD and IA accounts if it is in the best interest of the client.

IARs may also sell mutual funds and receive 12(b)-1 fees in addition to commissions. (12(b)-1 fees are annual marketing or distribution fees and are considered operational or administrative expenses). The fees are included as a part of the mutual fund’s total expense ratio and are paid from the mutual fund’s assets. Therefore, the fees come indirectly from your account assets at the mutual fund company. Every mutual fund prospectus includes a description of the fund’s fees and expenses.

To reduce this conflict of interest, 12(b)-1 fee compensation 12p is generally not available in investment management accounts. IARs are not paid 12b-1 fees on managed accounts. Further, IARs may either charge a quarterly management fee or commissions, but not both, in the same account. Additionally, IARs are obligated to recommend mutual funds and other investments that are in your best interest and not based on compensation. Most fund companies offer institutional share classes, without 12(b)1 fees, that are specifically designed for managed accounts.

Also, If CWCO-BD executes your securities transactions, or securities execution is through the broker-dealer who has custody of your managed account, CWCO-BD may benefit from this activity including, but not limited to, the offset of any fees or commissions earned against certain minimum annual financial requirements CWCO-BD has with these firms in the normal course of business.

In the process of acting in the best interest of our clients, CWCO-BD will occasionally conduct principal trades in commission accounts. Principal transactions are generally defined as transactions where CWCO-BD, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to you. The conflict of interest with principal trading is that by buying securities from or selling securities to you to/from CWCO’s inventory account, your IAR may be tempted to make investment decisions for you that are based, not on what is in your best interest, but on the compensation to be received by him/her/CWCO. To lessen this conflict, CWCO will not conduct principal trading in your management (fee-based) accounts. However, during the normal securities clearing process, trading in advisory accounts will, occasionally, be held intra-day in internal inventory accounts to facilitate clearing. Should such transactions occur, they are purely incidental and not designed to benefit CWCO or its employees.

Additionally, CWCO will not conduct agency cross transactions in your advisory account. An agency cross transaction is defined as a transaction in which an IAR of CWCO acts as broker for both you, an advisory client, and for another person on the other side of the transaction. It is CWCO-IA’s policy that the firm will not cross trades between your account and other clients’ accounts.

Further, transactions in your investment management accounts may be executed through various broker-dealers. If you are a Financial Planning client, you may elect to implement recommended transactions through CWCO-BD or an alternate broker-dealer of your choice. CWCO-IA does not direct brokerage transactions for financial planning investment purchases, this authority remains with you.

**Insurance Agency:**

Some IARs may also be licensed life agents or are agents and/or brokers for various insurance companies. Crowell, Weedon & Co. is under common ownership with its insurance company and registered investment advisor. If you purchase insurance products (including variable and fixed annuities), your IAR, in the capacity as a life agent, will receive separate and customary commission compensation for insurance sales. This conflict may be reduced by not including the value of the insurance assets in the quarterly computation for managed fees.

**Other Investment Adviser**

Both Blake Todd and Jarrett Perez are dually employed with CWCO and Two Oaks Investment Management, LLC. Two Oaks is an investment advisor registered with the United States Securities and Exchange Commission ("SEC") and is a Limited Liability Company ("LLC") formed under the laws of the State of California. Two Oaks is an advisor to the Two Oaks Diversified Income Fund Class A and C. The funds are a part of the Northern Lights Fund Trust II, an open-end management investment company, which Two Oaks has an Investment Advisory Agreement with.

Mr. Todd and Mr. Perez are the Funds' portfolio managers and the Managing Members and owners of Two Oaks Investment Management, LLC. Blake Todd is a General Partner of Crowell Weedon & Co. Crowell Weedon does not maintain an ownership interest in Two Oaks. In their capacity as Financial Advisers to CWCO clients, Mr. Todd and Mr. Perez are presented with some conflicts of interest. Among those conflicts of interest are the following and how they are managed:

- As Portfolio Managers for the Mutual Fund, Mr. Todd and Mr. Perez may direct trades for the fund through CWCO and CWCO may profit from that trading activity. To eliminate this conflict of interest, Two Oaks mutual funds trades are not directed through CWCO.
- Mr. Todd and Mr. Perez could place shares of the Mutual Fund, Two Oaks in discretionary accounts that they manage and get paid a management fee for such discretionary account management, and also receive a fund Advisory fee on the same moneys. To remove this conflict of interest for Mr. Todd's and Mr. Perez's discretionary accounts at CWCO, these accounts are prohibited from owning any shares in the Two Oaks Mutual Fund.
- In their capacity of advising clients on the placement of their investments Mr. Todd and Mr. Perez are compensated as the broker of record and receive any sales commission for the placement of moneys into the Two Oaks Mutual Fund. As such, they may also receive any ongoing 12b1 servicing fees for those clients they are the broker of record for. To address this conflict of interest all clients are informed of the dual role Blake Todd and Jarrett Perez maintain and how they are compensated prior to their purchase of fund shares. Clients could also choose to invest in shares of the fund through another broker to remove this potential conflict of interest. For both Blake Todd and Jarrett Perez over 50% of their compensation comes from the commission and fees that their individual clients pay to them.

### **Other Industry Activities**

CWCO-BD is a member of FINRA, as well as MSRB and SIPC. Additionally, Crowell, Weedon & Co. is registered with the California Department of Insurance as an insurance agency. Crowell, Weedon & Co. in these multiple capacities is actively engaged in selling securities, mutual funds, insurance products, investment advice, investment management services, exchange floor activities, exchange commission activities, broker or dealer making inter-dealer markets in corporate securities and Over-The-Counter (“OTC”) securities, or other incidental activities. Crowell, Weedon & Co. may sell securities or insurance products to its investment management clients who elect to implement investment advice through CWCO-IA and IARs.

Certain employees are licensed with a commodity broker to facilitate commodity transactions for clients of CWCO-BD. Additionally, some employees of CWCO-BD may engage in CPA services. These activities may pose a conflict of interest to CWCO-IA clients. Dual compensation conflicts will be disclosed to such clients.

The principal Partners of CWCO-IA are responsible for managing its broker-dealer activities and may spend a majority of their time engaged in these other related business activities.

### **Item 11 – Code of Ethics**

As a federally registered Investment Adviser regulated by the Investment Advisers Act of 1940, CWCO-IA has adopted a Code of Ethics for all access persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. CWCO-IA and its employees have a fiduciary responsibility to you whereby it must put your interests above its own. CWCO and its IAR’s responsibilities to you are based on ethical principles of openness, integrity, honesty and trust. At all times, CWCO and its IARs must live up to the firm’s motto: “Built on integrity. Grown on Trust”. The Code of Ethics includes standards of conduct expected of CWCO’s access persons and addresses conflicts that arise from personal securities trading by advisory personnel, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and restrictions on political contributions and outside business activities, among other things. All access persons at CWCO-IA must affirmatively acknowledge the terms of the Code of Ethics annually, or as amended.

CWCO-IA anticipates that, in appropriate circumstances, consistent with your investment objectives, it will cause accounts over which CWCO-IA has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which CWCO-IA, its affiliates and/or clients, directly or indirectly, have a position of interest. CWCO-IA’s access persons are required to follow CWCO-IA’s Code of Ethics. Subject to satisfying this policy and applicable laws, CWCO-IA’s access persons may trade for their own accounts in securities which are recommended to and/or purchased for you.

CWCO-BD maintains inventory accounts in which the RRs buy and sell securities. At various times, these inventory accounts may be buying or selling securities that are also being recommended to you. This maintenance of inventory accounts is normal and customary and no disclosure is made regarding the account positions. To remove this conflict of interest, inventory accounts and the individuals responsible for the accounts are not allowed to access any information associated with recommendations being made to you. Any contemporaneous transactions are unintentional and not a result of a deliberate conflict of interest.

Periodically, CWCO-IA’s access persons may invest in the same securities that they recommend to you. On such occasions, all access persons are required to follow CWCO-IA’s Code of Ethics and policies and procedures on

personal trading. Subject to satisfying these policies and applicable laws, access persons of CWCO-IA may trade for their own accounts in securities which are recommended to and/or purchased for you.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CWCO-IA will not interfere with (i) making decisions in your best interest (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Certain diversified products such as mutual funds and ETFs have been designated as exempt transactions, based upon a determination that these would materially not interfere with your best interest. In addition, the Code restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as you do, there is a possibility that employees might benefit from your market activity in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between you and CWCO-IA.

Certain affiliated accounts may trade in the same securities with you on an aggregated basis when consistent with CWCO-IA's obligation of best execution. In such circumstances, the affiliated and your accounts will share commission costs equally and receive securities at a total average price. CWCO-IA will retain records of the trade order (specifying each participating account) and its allocation. Partial execution of block trades will be allocated proportionally among all clients and employees will not receive partial allocations until all clients' orders are filled. No client is systematically advantaged or disadvantaged by the bunched trading.

It is CWCO-IA's policy that the firm will not conduct principal or agency cross securities transactions in your accounts.

#### Political Contributions

It is against Crowell, Weedon & Co.'s Code of Ethics for any employee to make any political contribution to influence government entities, officials or candidates, to hire or retain CWCO-IA as an investment adviser. In addition, neither Crowell, Weedon & Co. nor its IARs may make political contributions with the intent to indirectly influence a desired result that would be otherwise directly prohibited. If contributions are made to influence a government entity or official, CWCO-IA may be required to forego fees for certain accounts where the contributions were made during or within the 2 years before their employment with CWCO-IA.

You may request a copy of the firm's Code of Ethics by contacting Audrey Maxwell at (213) 620-1850 or by e-mail request at [amaxwell@crowellweedon.com](mailto:amaxwell@crowellweedon.com).

## **Item 12 – Brokerage Practices**

IARs are licensed to buy and sell securities as an RR through CWCO-BD. RR licensees are restricted in using any broker-dealer or custodian that is not approved by CWCO-BD due to certain regulatory rules and policies. CWCO-BD currently permits IARs to custody investment management accounts at CWCO-BD, Charles Schwab, TD Ameritrade, Fidelity, Pershing and Deutsche Bank. CWCO-IA, from time-to-time may add or remove the availability of certain custody relationships without client notification. CWCO-BD permits the use of these other platforms because it has an agreement with them in exchange for services provided, which may include, but not limited to, account custody, trade execution services, clearing services, access to information, and for a

fee, electronic trade entry and account information look-up services for RRs and clients, recordkeeping services, exception reporting and access to various financial products.

One of the practices of the broker-dealer is the service of lending money and securities and these services may result in compensation to the firm. CWCO acknowledges the use of margin involves a higher degree of risk and may not be in the best interest of all clients depending on the individual's circumstances. In those circumstances whereby a client determines margin is appropriate, CWCO-IA will not consider the amount of leverage in the computation of account assets when calculating fees. In addition, IARs do not receive any direct compensation associated with any accounts involving the use of margin. CWCO's RRs that direct clients to other firms for custody and order execution for the investment management account may, but not always, receive benefits and support services for free or at reduced prices. Benefits and services may include such things as research, performance reporting, discounted quarterly advisory fee billing, account information, trade entry services, mutual funds that may be available to only institutional accounts or with substantial minimum investments, customized account statements, duplicate copies of client confirmations and statements, business-related products and services, seminars, conferences, and software. These are commonly referred to as soft dollar arrangements and are maintained in accordance with 28(e) of the act.

You should consider, in light of the limited trading platforms approved by CWCO-BD that only some of the approved trading platforms are limited in their ability to obtain the best execution price and lowest execution costs for each transaction or the product with the lowest internal expenses. Therefore, you may pay higher commissions or trade execution charges through the trading platforms approved by CWCO-BD than through broker-dealers that have not been approved for its investment management accounts. CWCO-IA periodically reviews and monitors its best execution obligations as required.

Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits and are not applicable to your investment management (fee-based) accounts.

### **Item 13 – Review of Accounts**

Your IAR periodically reviews your account. He/She will also regularly keep you informed as to the investment policy and strategy used to seek achievement of your investment objectives. IARs should review your current account strategy and status with you on no less than an annual basis.

Branch Managers, or their designees, will make reasonable efforts to thoroughly review your account activity to determine whether recommended securities are in your best interest. Additionally, at least annually, the Chief Compliance Officer, or his designee, will review a random sample of discretionary investment advisory accounts using your Investment Policy Statement (IPS) and/or account information, as a benchmark to assess appropriateness of the activity and positions. Through telephone calls and in-person meetings, your IAR will regularly keep you informed as to the investment policy and strategy being used to seek achievement of your investment objectives.

Triggering events such as your financial status, employment status, income change, or change in investment objective, time horizon or risk tolerance may warrant additional reviews of your account. The primary focus of this review is to monitor the account to ensure it is consistent with your investment objective, investment strategy, asset allocation, and proper fee deduction per the executed agreement. There is no specific review date. Both discretionary and non-discretionary managed accounts receive written confirmations of transactions and quarterly and/or monthly statements containing account information such as monthly activity, account value, transactions, and other relevant account information from the clearing firm, product sponsor, or account

custodian. You may contact your Financial Advisor or send an e-mail to [info@crowellweedon.com](mailto:info@crowellweedon.com) to request secure electronic access to account statements and information.

CWCO-IA utilizes pricing information provided by independent resources in compiling and reporting managed account holdings information and valuations. There may be significant variance between the holdings and performance of the investment management accounts that are managed by CWCO-IA or other registered firms.

Although not every IAR or outside third party manager provides an annual review to every client, CWCO-IA encourages you to request such a review to discuss such account information such as account performance, changes in your investment objectives, goals, and financial situation, retirement planning, information gathering for client's tax advisor or estate planning advisor, and any other questions you may have concerning your managed account or financial plan.

CWCO-IA, through designated personnel, will perform periodic reviews of the outside third party platform providers and managers, including their performance to determine their continued participation in CWCO-IA's investment advisory programs. The criteria that may be used may include, but is not limited to, performance over time in comparison to established industry benchmarks, regulatory findings, news wire information, as well as financial stability, assets under management, and compliance with regulatory rules and regulations.

The accuracy of the information obtained from outside third party platform providers, and other resources, will be relied upon by CWCO-IA, but cannot be guaranteed by CWCO-IA.

#### Correction and Error policy

As in any business, operational mistakes will happen despite the good intentions of employees and the controls in place. CWCO-IA endeavors to correct these mistakes in a timely manner with no financial loss or harm to you. Errors and their corrections will be reviewed on a facts and circumstances basis.

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

CWCO-BD and IAR/RRs may receive from product sponsors marketing and sales training support, including reimbursement for expenses related to client seminars, advertising materials, and due diligence or educational seminars, including reimbursement for travel expenses, meals and lodging. This may be a conflict of interest but CWCO's IARs strive to uphold the firm's ethical principles of conduct.

CWCO-IA does not currently have any arrangements whereby we compensate any person, such as solicitors, other than our supervised persons, for client referrals. However, the firm has written policies and procedures in place should we decide to engage in this activity. We will make disclosure to you about this activity should we engage in it in the future.

Some IARs may belong to referral clubs that provide client leads for various professional services including financial planning and investment advice. Monthly dues are generally assessed but are not directly attributable to specific client referrals.

### **Item 15 – Custody**

Custody, as it applies to advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an

investment adviser has the ability to access or control your funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

As a dually registered Investment Adviser and Broker Dealer, CWCO is a qualified custodian and has custody of your funds and securities. CWCO-BD sends written statements directly to you on at least a quarterly basis.

Your funds and securities may also be held at Charles Schwab, TD Ameritrade, Fidelity, and Pershing. You should receive at least quarterly statements from these other qualified custodian that hold and maintain your investment assets. Should you receive additional statements from CWCO regarding these accounts that are held at other custodians, we urge you to carefully review such statements and compare the official custodial records from the custodian to the account statements that we may provide to you. Our statements may vary from the official custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

CWCO also has a relationship with San Pasqual Trust Co. who acts as Trustee for clients' accounts. In this relationship, CWCO's IAR is the Financial Advisor and may manage the assets which are held at Marshall & Ilsley Bank.

## **Item 16 – Investment Discretion**

CWCO-IA manages client assets on both a discretionary and non-discretionary basis. On discretionary accounts, clients have the ability to place reasonable restrictions on the types of investments that may be purchased. You may also place reasonable limitations on the discretionary power granted to CWCO-IA, outside third party manager, or the IAR, so long as the limitations are specifically set forth in your Investment Policy Statement (IPS).

CWCO-IA usually receives discretionary authority from you at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. You must provide such Investment guidelines and restrictions in writing to your IAR. As previously mentioned, generally, discretion is given at the outset of the relationship in the form of an Investment Policy Statement (IPS). Thereafter, discretion is exercised in a manner consistent with the stated investment objectives for your account when selecting securities and determining amounts.

## **Item 17 – Voting Client Securities**

Unless we agree otherwise in writing, CWCO-IA is precluded from, and you are responsible for, directing the manner in which proxies solicited by issuers of securities you beneficially own are voted. You authorize and direct us to instruct the Custodian to forward to you copies of all proxies and shareholder communications relating to the Assets.

Therefore, CWCO-IA will not vote proxies or act on any other corporate actions requiring shareholder actions. You, including a “named fiduciary” under ERISA, specifically reserves the right to vote your own proxies or to take shareholder action with respect to other corporate actions requiring shareholder actions or designate a third party to vote on your behalf. You may also designate a third party to vote proxies on your behalf. The account Custodian will forward proxies and corporate actions to your address of record or to your designee.

Proxy voting policies and procedures are available upon written request to the address on Form ADV, Part 2, and Page 1.

## **Item 18 – Financial Information**

This item is not applicable to this brochure. CWCO-IA is required in this item to provide you with certain financial information or disclosures about the firm's financial condition.

CWCO-IA does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet of our most recent fiscal year. CWCO-IA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to you, and has not been the subject of a bankruptcy proceeding.

## Privacy Policy

### Protecting your privacy:

Crowell, Weedon & Co. is committed to protecting the personal and financial information you share with us. In accordance with current federal privacy regulations, we would like to share with you the policies we use to maintain the privacy of client information.

### The information we collect:

Information about you, our client, is needed in order to provide you with the investment advice, products and services that best suit your needs. This information comes from the following sources:

- Information that you provide to us on your account application or other forms, including (but not limited to) your name, address, social security number, date of birth, employer, assets, income, investment experience, risk tolerance, etc.
- Information about transactions in your account, such as your account balance, trading activity, and margin loan history.
- Information that may be obtained from others, such as credit reporting agencies.

### Sharing information within Crowell, Weedon & Co.:

Unlike many other financial advisors or stockbrokers, Crowell, Weedon & Co. is an independent broker-dealer. We do not share your personal information internally with other divisions, subsidiaries or any affiliated companies for the purposes of marketing, nor do we use your personal information to market other products or services to you.

### Sharing information with companies that help Crowell, Weedon & Co. provide services to you:

Crowell, Weedon & Co. may disclose personal information about you in order to provide you with the financial services that you have requested from us. For instance, your name, address and account activity are disclosed to the vendor who prepares and mails your monthly statements. And, if you order checks from us, we would also disclose your information to the vendor who prints those checks. However, such companies are required to protect your personal information just as carefully as we do.

We may also share your personal information when permitted, or when required to do so by law. For example, we may provide information to the Internal Revenue Service (IRS) under various tax reporting regulations. In addition, we may share your personal information with other parties under court order or if responding to a subpoena. We will also disclose your information when you direct us to do so and have given us your consent.

Crowell, Weedon & Co. does not sell your personal information to third-party marketers or to anyone else for any purpose.

### Information disclosure & opt outs:

The federal law allows you to “opt out” of the sharing of your personal information with affiliated and non-affiliated companies in some circumstances. Since we do not currently share your information with any affiliates or any other party that would trigger the provision, you do not need to consider opting out. Should we ever be in a situation where disclosure of your personal information could trigger the opt out provision, you will be notified in advance and given an opportunity to opt out of such disclosure.

**Protecting your personal information:**

Our employees are educated to protect your personal information and respect its confidential nature. Access to customer information is restricted to only those employees who need to have it in order to provide the services you have requested. We conduct regular reviews of our business practices and procedures, including information gathering and confidentiality standards, to further ensure the protection of your personal information.

If you have internet access to your account through Crowell, Weedon's web site, we have protected your account information by putting it in a secure section, by using firewalls and other technology, and by requiring individual passwords to access account information. The padlock icon on your browser indicates that our servers are protected with Secure Sockets Layer (SSL) technology in order to prevent unauthorized viewing of personal information.

**Updating your personal information:**

You may update your personal, nonpublic information by either contacting your financial advisor or by calling us or by writing to us at our main office:

One Wilshire Building  
624 South Grand Avenue, Suite 2510  
Los Angeles, CA 90017  
(213) 620-1850

## Business Continuity Summary

Crowell, Weedon & Co. has established a Business Continuity Plan (BCP) to provide for critical business functions if it experiences any significant business disruptions, such as a power outage, natural disasters, or other significant events. Crowell, Weedon & Co. has back-up technology systems operating in different cities that are designed to take over critical operations should there be a disruption at our primary location. This will allow Crowell, Weedon & Co. to continue critical business operations within a few minutes of most disruptions. For the most severe events, Crowell, Weedon & Co.'s recovery plan is designed to have most business operations available within 24 to 48 hours. Crowell, Weedon & Co.'s recovery plan assumes that the government agencies and market systems are operating and that the Firm's back-up systems are available. No BCP can eliminate all risk resulting from a significant business disruption, but we review, update and test the BCP at least annually or as needed to protect our clients.

You may obtain a current summary of the BCP by visiting the web site, [www.crowellweedon.com](http://www.crowellweedon.com) or by writing to Crowell, Weedon & Co., Attn: Business Continuity Plan, 624 S. Grand Avenue, Suite 2510, Los Angeles CA 90017.



Members: SIPC & FINRA

**Crowell, Weedon & Co.**



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**Investment Advisor**

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