

Part 2A of Form ADV: *Firm Brochure*



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This brochure provides information about the qualifications and business practices of Criterion Wealth Management also doing business as Criterion Capital Investments. If you have any questions about the contents of this brochure, please contact us at 661-254-2543 or carolina@criterionwealth.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. Registration does not imply a certain level of training or skill.

Additional information about Criterion Wealth Management and as Criterion Capital Investments also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 142180.

Item 2 Material Changes

Since our last publication of our Firm Brochure we have no material changes.

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Item 4 Advisory Business

Criterion Wealth Management Insurance Services, Inc. is an SEC-registered investment adviser with its principal place of business located in Valencia, California. Criterion Wealth Management Insurance Services, Inc. began conducting business in May of 2004.

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

- Mr. Robert A. Gravette, Owner
- Mr. Mark A. Mac Arthur , Owner

Criterion Wealth Management Insurance Services, Inc. doing business as Criterion Wealth Management and Criterion Capital Investments (individually and collectively “CWM”) offers the following advisory services to our clients:

ASSET MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and provide investment advisory services to our clients on a discretionary basis based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

CWM shall have limited investment authority and discretion and may purchase, sell, generally deal in or exchange assets for the client's account as it shall determine without obtaining specific client consent. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

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

Asset Allocation Portfolio Approach

Our firm provides portfolio management services to clients using an asset allocation portfolio approach. Each client receives a personalized variation of a model asset allocation portfolio which is designed to meet a particular investment goal.

Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

The Asset Allocation Portfolios use a model portfolio as a benchmark and is used in conjunction with macro-economic factors to determine the account rebalancing and introduction of new assets classes in a client's portfolio.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. at least annually, contact each client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. be reasonably available to consult with the client; and
3. maintain client suitability information in each client's file.
4. send the client a written notification when their asset allocation portfolio or individual asset classes vary more than 10% in value from their initial allocation or last rebalanced allocation.

Comprehensive Wealth Management

For household accounts with assets over \$5,000,000, CWM offers comprehensive wealth management services designed to provide a comprehensive review of various aspects of a client financial situation. Our wealth management service provides a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans.

Through a series of personal meetings with the client we can address any or all of the following areas:

- **INVESTMENTS:** We may analyze your current portfolio to see if it matches your goals and objectives. We review investment alternatives and their effect on the client's portfolio.
- **PERSONAL:** We review personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including

as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information throughout these meetings with the client and will attempt to coordinate with the client's legal counsel, tax planners, estate planning experts, insurance agents and other professionals. In making our recommendations we may refer the client to outside unaffiliated experts for implementation. Clients are under no obligation to implement any recommendation made as a result of our wealth management service. Additionally, clients may choose to work through any of the professionals that we may recommend or chose to work with their own professionals. Clients are encouraged to first seek advice from experts with whom they may have existing relationships with in addition to seeking second opinions from the experts we may recommend.

Clients receive a comprehensive needs analysis tailored to their specific financial situation. Clients will not receive a traditional written financial plan. However, this service may also provide cash flow analysis and reporting, detailed performance attribution and reporting, private equity research and introduction and annual wealth management reviews. We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

As individuals of CWM are registered as representatives of a broker dealer and/or as insurance agents/brokers of various insurance companies, recommendations made in financial plans are not limited to only those products offered through these companies.

Services In General

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

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities

- Options contracts on securities
- Options contracts on commodities
- Futures contracts on tangibles
- Futures contracts on intangibles
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Private Equity Investments
- Hedge Fund Investments
- Private Placement offerings

AMOUNT OF MANAGED ASSETS

As of 12/31/2013, CWM is actively managing \$181,265,338 of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

ASSET MANAGEMENT

CWM has two fee schedules to determine the annualized fee for advisory services. CWM's advisory fees, as set forth in the below schedules, are charged as a percentage of assets under management. The applicability of each fee schedule is determined by the nature and scope of the advisory services to be provided in addition to the type of securities managed in the client's portfolio.

CWM's fees are paid quarterly in arrears and are payable on the first day of the calendar quarter. Fees are based on a three month average portfolio value as of the last business day of the prior calendar quarter. The fees for the first quarter under management will be prorated.

1) Investment Management

CWM shall utilize this fee schedule for advisory services encompassing the following:

- Stocks, bonds, cash management
- Asset allocation, diversification strategies
- Strategic and tactical management using multiple asset categories and securities
- Investment selection and monitoring
- Account reporting

Assets under Management:

Annual Fee (%)

Up to \$499,999
\$500,000 - \$999,999

1.50%
1.25%

\$1,000,000 - \$1,999,999	1.00%
\$2,000,000 - \$4,999,999	0.65%
\$5,000,000 - \$10,000,000	0.50%
Above \$10,000,000	0.40%

CWM charges 0.15% for managing short-term liquid investment accounts.

2) Alternative Investment Fee*

CWM shall utilize this fee schedule for advisory services encompassing the following:

- Hedge Fund investments
- Private Placement Investments
- Private Equity Investments

<u>Assets under Management:</u>	<u>Annual Fee (%)</u>
Up to \$2,000,000	0.50%
Above \$2,000,000	0.25%

* May be offered as a stand-alone service using the DBA Criterion Capital Investments.

When appropriate and suitable, our adviser representatives may recommend certain Alternative Asset investments (i.e. private securities) to CWM client in which the associated person may receive separate and typical compensation (i.e. commissions) when acting in their separate capacities as registered representatives of Ausdal Financial Partners, Inc. Clients are under no obligation to purchase such securities. If a CWM client chooses to invest in these securities and an associated person of CWM receives separate commission compensation from the sale of an Alternative Asset Investment, that Asset will be excluded from the CWM fee calculation as described above.

This creates a conflict of interest between the CWM and its clients. Please see the important disclosures below “Commission Compensation” and additional disclosures in Item 10 “Other Industry Affiliations”.

Comprehensive Wealth Management Fees

For clients utilizing this service, a \$10,000 per quarter fee will be charged for the coordination/provision of various experts and services rendered.

Commission Compensation

As disclosed in Item 10, management and associated persons of our firm are separately licensed as registered representatives of Ausdal Financial Partners, Inc. a FINRA member broker dealer. Associated persons may also be licensed as insurance agents or brokers of various companies. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12-b1 fees or other sales-related forms of compensation). In some instances, depending on the size of the transaction, advisory fees will be discounted or waived in lieu of commissions earned. Commissions will not be credited to any future advisory fees. This presents a conflict of interest

to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, earned fees will be promptly deducted from client accounts.

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

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

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

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Criterion Wealth Management and as Criterion Capital Investments' minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

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

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

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

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

Account Minimums: CWM requires a minimum of \$5,000,000 to establish a new advisory account; however, the minimum may be waived at the sole discretion of CWM. In addition, CWM may continue to service existing accounts that have values that are below the minimum.

When offering asset management limited to Alternative Investments only, a minimum of \$50,000 is typically required upon engagement.

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

CWM does not charge performance-based fees.

Item 7 Types of Clients

CWM provides investment advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

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

METHODS OF ANALYSIS

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

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

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

INVESTMENT STRATEGIES

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

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase
- OR
- the potential of having to taking a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares.

If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Short selling results in some unique risks:

1. *Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.
2. *Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up.
3. *Timing.* Even if we are correct in determining that the price of a stock will decline, we

run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.

4. *Inflation.* History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

Margin transactions. We may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Item 9 Disciplinary Information

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

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

BROKER DEALER REGISTRATIONS

Associated persons of CWM are registered securities representatives and investment adviser representatives of Ausdal Financial Partners, Inc., a registered broker-dealer, member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and a registered investment adviser. In these capacities associated persons may recommend securities, insurance, advisory, or other products or services, and receive compensation if products are purchased through Ausdal Financial Partners, Inc. Thus, a conflict of interest exists between the interests of the associated persons and those of the advisory clients.

INSURANCE LICENSES

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

HOW WE HANDLE OUR CONFLICTS OF INTERESTS

Clients should be aware that the receipt of additional compensation by CWM and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. CWM endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for us or our employees to earn compensation from the referral of clients to other registered investment advisers;
- we disclose to the client in a separate disclosure document the compensation we receive

in exchange for the client's referral to the selected investment adviser;

- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

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

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

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

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

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to carolina@criterionwealth.com, or by calling us at (661) 254-2543.

CWM or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the

provisions under Section 206(3) of the Advisers Act governing principal transactions to advisory clients.

CWM and individuals associated with our firm are prohibited from engaging in agency cross transactions.

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

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

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

Item 12 Brokerage Practices

In placing its orders to purchase or sell securities in accounts, principals of CWM may elect to aggregate orders. In so doing, the firm will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of adviser's investment advisory agreement with each client for which trades are being aggregated; no advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction; CWM will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients.

If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement; notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved in writing by CWM's compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed.

CWM's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account; funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer

as soon as practicable following the settlement; CWM will receive no additional compensation of any kind as a result of the proposed aggregation; and individual investment advice and treatment will be accorded to each advisory client.

CWM participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member **FINRA/SIPC/NFA** ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. **TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. CWM receives some benefits from TD Ameritrade through its participation in the Program.** CWM may recommend TD AMERITRADE to clients for custody and brokerage services. There is no direct link between CWM's participation in the program and the investment advice it gives to its clients, although CWM receives economic benefits through its participation in the program that are typically not available to TD AMERITRADE retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to CWM by third party vendors.

TD AMERITRADE may also have paid for business consulting and professional services received by CWM's related persons. Some of the products and services made available by TD AMERITRADE through the program may benefit CWM but may not benefit its Client accounts. These products or services may assist Adviser in managing and administering client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by TD AMERITRADE are intended to help CWM manage and further develop its business enterprise. The benefits received by CWM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by CWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the CWM's choice of TD AMERITRADE for custody and brokerage services.

CWM may receive client referrals from TD AMERITRADE through its participation in TD AMERITRADE AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, CWM may have been selected to participate in AdvisorDirect based on the amount and profitability to TD AMERITRADE of the assets in, and trades placed for, client accounts maintained with TD AMERITRADE. TD AMERITRADE is a discount broker-dealer independent of and unaffiliated with CWM and there is no employee or agency relationship between them.

TD AMERITRADE has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or

financial planning services to independent investment advisors. TD AMERITRADE does not supervise CWM and has no responsibility for CWM's management of client portfolios or CWM's other advice or services. CWM pays TD AMERITRADE an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to CWM ("Solicitation Fee"). CWM will also pay TD AMERITRADE the Solicitation Fee on any advisory fees received by CWM from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired CWM on the recommendation of such referred client. CWM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD AMERITRADE to its clients. For information regarding additional or other fees paid directly or indirectly to TD AMERITRADE, please refer to the TD AMERITRADE AdvisorDirect Disclosure and Acknowledgement Form.

CWM's participation in AdvisorDirect raises potential conflicts of interest. TD AMERITRADE will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD AMERITRADE and whose client accounts are profitable to TD AMERITRADE. Consequently, in order to obtain client referrals from TD AMERITRADE, CWM may have an incentive to recommend to clients that the assets under management by CWM be held in custody with TD AMERITRADE and to place transactions for client accounts with TD AMERITRADE. In addition, CWM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD AMERITRADE or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. CWM's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

CWM associates may not, but the same individuals in their capacities as registered representatives may receive payments from certain mutual fund companies distributed pursuant to a 12b-1 or 12b-2 distribution plan or other such plans as compensation for administrative services. As such, a conflict of interest may exist with respect to recommendations to buy or sell such securities.

Item 13 Review of Accounts

ASSET MANAGEMENT

REVIEWS: While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Messrs. Gravette and MacArthur.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account

performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

COMPREHENSIVE WEALTH MANAGEMENT

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Comprehensive Wealth Management clients unless otherwise contracted for.

REPORTS: Comprehensive Wealth Management clients do will not receive a financial plan unless otherwise contracted for. Additional reports will not typically be provided unless otherwise contracted for.

Item 14 Client Referrals and Other Compensation

It is CWM's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

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

Item 15 Custody

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

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

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

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

Item 16 Investment Discretion

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

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

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

- determine the amount of the security to buy or sell

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

As previously disclosed in Item 4 of this brochure, our firm does not provide discretionary asset management services.

Item 17 Voting Client Securities

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

Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

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

Item 18 Financial Information

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. CWM has no additional financial circumstances to report.

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

CWM has not been the subject of a bankruptcy petition at any time during the past ten year.