

## **Form ADV Part 2A Disclosure Brochure**

### **Garcia Wealth Management Group**

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This brochure provides information about the qualifications and business practices of Garcia Wealth Management Group. If you have any questions about the contents of this brochure, please contact us at 805-434-2608 or [rob@garciawealth.com](mailto:rob@garciawealth.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 Garcia Wealth Management Group is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view Garcia Wealth Management Group's information on this website by searching for Garcia Wealth Management Group. You may search for information by using Garcia Wealth Management Group's name or by using Garcia Wealth Management Group's CRD number. The CRD number for Garcia Wealth Management Group is 158082.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

This item is used to describe material changes that are made to the disclosure brochure and provide readers with a summary of such changes. Since our March 2013 annual amendment was filed, the only material change made to the brochure is an increase in our firm's client assets under management as reported at Item 4 – Advisory Services. The increase in assets under management requires us to switch from state registration to federal registration. Therefore, we initiated the SEC registration process in March 2014.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

Garcia Wealth Management Group (also referred to as “us”, “we” or the “Firm” throughout this document) is an investment advisor registered since February 2012. The Firm is registered under Robert Alan Garcia's name as a sole proprietorship. Therefore, Mr. Garcia is the sole owner of the Firm.

One of the primary purposes of this document is to disclose all material conflicts of interest (including those under applicable securities laws) regarding the firm, our advisor representatives and our employees that could reasonably expect to impair the rendering of unbiased and objective advice.

### **General Description of Primary Advisory Services**

The following are brief descriptions of our primary services. A detailed description of each service is provided in Item 5 – Fees and Compensation so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

***Financial Planning*** - We provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focus on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through topics including, but not limited to, investment management, tax planning, retirement/cash flow modeling, transition planning, estate design, risk management and philanthropic planning. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

***Investment Management*** - We provide advisory services in the form of investment management services. Investment management services involve providing clients with continuous and on-going supervision over client accounts. This means our Firm will continuously monitor a client's account and make trades in client accounts when necessary.

***Use of Third Party Money Managers*** – We also provide advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. Garcia Wealth Management Group provides this service through the Optimum Market Portfolios program and Manager Access Select program.

***Qualified Plan Consulting*** - We provide several advisory services for corporate retirement plans, separately or in combination. The primary clients for these services are pension, profit sharing, and 401(k) plans.

***Limit Advice to Certain Types of Investments.*** Garcia Wealth Management Group provides investment advice on the following types of investments.

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Unit Investment Trusts (UITs)
- Managed futures funds

- 529 Education Plans
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate, oil and gas interests
- Garcia Wealth Management Group may provide advice on hedge funds, managed futures, structured products and other private placement investments. These types of investments are often illiquid, which means that the investments can be difficult to trade and consequently can limit a client's ability to sell the investments in a timely manner and at an advantageous price. Additionally, some investments may not have registered pursuant to the Securities Act of 1933, and therefore the client will need to complete a subscription agreement showing the client is an "accredited" investor (as defined by applicable law and rules and regulations) and acknowledge that he or she has read and understands the private placement memorandum and is aware of the various risk factors associated with such an investment.

When providing investment management services, We typically construct each client's account holdings using mutual funds and exchange traded funds (ETFs) to build diversified portfolios. It is not our typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

#### **Participation in Wrap Fee Programs**

Garcia Wealth Management Group offer services through both a wrap-fee program and non-wrap fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. The Optimum Market Portfolios program we use that is sponsored by LPL Financial is technically a wrap-fee program. Through that program, we select other money managers to help develop investment allocations. Our investment management services are non-wrap fee programs.

Whenever a fee charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), Garcia Wealth Management Group will receive all or a portion of the fee charged.

#### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

When managing client accounts through the firm's Investment Management Services, we may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

#### **Client Assets Managed by Garcia Wealth Management Group**

As of December 31, 2013 our assets under management totaled \$130,118,610. Of that total \$76,129,845 is managed on a discretionary basis and \$53,988,765 is non-discretionary. Please refer to Item 16 – Investment Discretion for more information. In addition, our investment advisor representatives, in their separate capacities as LPL registered representatives, oversee \$40,404,403 (also as of December 31, 2013) of client assets held in LPL brokerage accounts, variable annuity companies and directly at mutual fund companies.

### **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides more details about Garcia Wealth Management Group's services. The section also includes descriptions of each service's fees and compensation arrangements. You may be able to find lower fees for comparable services from other sources.

#### **Financial Planning and Consulting Services**

We offer financial planning services in the form of written or oral financial plans that can be either holistic or segmented (modular). These plans can include, but are not limited to, the following.

- ✓ Retirement planning
- ✓ Education planning
- ✓ Insurance needs analysis
- ✓ Cash-flow needs
- ✓ Debt analysis
- ✓ Asset allocation
- ✓ Estate planning

To begin the financial planning process, we will meet with you to determine the scope of the engagement and the proposed fee schedule. There is no charge for this initial meeting. If you elect to proceed with the engagement, a client agreement is signed, usually at the second meeting. At either the first or second meeting, we begin gathering the information and documents needed to assess your current financial situation and planning considerations and to begin preparing the requested plan. We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate.

We are not responsible for verifying the information supplied by you. Our services do not include legal or tax advice. You are also urged to work closely with your attorney, accountant or other professionals regarding your financial and personal situation. When providing financial planning services, we may consult with attorneys, accountants or other outside professional consultants. Fees for these outside professional consultants' services may be incorporated into the fees charged by us for our advisory services. In no event are the services of an outside professional consultant engaged without your express approval.

We present a completed plan to you within 3 - 4 weeks of the required information being received. We will hold a third meeting with you to present the drafted plan and discuss the items, including any change needed in scope or scenarios of the plan. A fourth meeting is held to go over the final plan and begin implementing it. There may be additional meetings as recommended by us and agreed to by you.

Fees for financial plans can be charged on either a fixed or hourly basis as determined jointly by you and the Firm. Hourly fees do not exceed \$300 per hour and fixed fees range from \$1,500 to \$4,000. Both hourly and fixed fees are negotiable based upon the actual services requested, the complexity of your situation and the representative providing the services. If fees are charged on an hourly basis, we will provide an estimate of the hours needed to complete the requested plan. If more time is needed to complete the plan than the original estimate, we will request your permission prior to proceeding with any additional work. You are charged for the actual time expended on the plan.

Up to ½ (one-half) of the estimated fee will be due at the time you execute an engagement for services with the remaining amount due upon presentation of the plan to you and we provide you with a detailed billing statement.

Financial planning services terminate upon presentation of the plan to you. However, either of us can terminate services at any time by providing written notice to the other party. Termination is effective immediately upon receiving the notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. You are responsible for the time expended to the date of termination and we provide you with a billing statement detailing the prorated charge due.

A conflict exists between the interests of our firm and your interests. This is because if you choose to implement advice provided in our plans through one of the other programs we offer or through our investment advisor representatives' individual capacities as LPL Financial registered representatives or insurance agents, compensation will be received by us in addition to the financial planning fees we charge. You are under no obligation to act upon our financial planning recommendations. If you choose to act on any of our recommendations, you are under no obligations to effect transactions through our firm or through our investment advisor representatives' individual capacities as LPL Financial registered representatives or insurance agents.

### **Investment Management Services - GWMG Investment Program**

#### **Description of Services**

We have developed the GWMG Investment Program (referred to as the "Program" in this section) developed through an arrangement using LPL Financial's Strategic Wealth Management platform. Through the Program, we provide investment management services which are defined as providing continuous investment advice to a client and making investments for the client based on the individual needs of the client. If you decide to engage us for this service, we will provide a customized and individualized investment program based on your individual needs. This involves developing a specific asset allocation strategy and investment policy statement (IPS) crafted to focus on your specific goals and objectives. The IPS will define the risk tolerance and investment objectives. The IPS should be updated regularly, but at a minimum every 2 years.

Program accounts are established at LPL Financial (referred to as "LPL Financial" or "LPL") in its capacity as a registered broker/dealer, member Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC). LPL Financial is also an investment advisor registered with the SEC, but does not serve as an investment advisor for Garcia Wealth Management Group's clients

through the Program. Clearing, custody and other brokerage services are provided by LPL Financial for accounts established through the Program. Therefore, you will be required to establish a brokerage account(s) through LPL Financial's Strategic Wealth Management platform. Separate accounts are maintained for each client. Each client retains all rights of ownership of their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

During any month that there is activity in the Program account, you will receive a monthly account statement, from LPL Financial, showing account activity as well as positions held in the account at month end. Additionally, you will receive a confirmation of each transaction that occurs within the Program account unless the transaction is the result of a systematic purchase, redemption or exchange. You will also receive a detailed quarterly report showing performance, positions, and activity. All account data and statements are also available on-line through the account view portal through LPL Financial.

#### Description of Fees

The annual investment advisory fee charged in the Program varies between 0.50% and 1.50% of the assets held in the account and is determined based upon the market value of the account. Fees are non-negotiable; however, at our discretion, we may reduce our standard fee. Accounts may be aggregated for fee break purposes. The following is the standard fee schedule to determine the client's annual fee and is provided for illustrative purposes. Each client's specific fee arrangement will be determined based on factors such as, but not limited to, the total assets under management, the number of accounts managed, the client's financial situation, and the client's relationship with Garcia Wealth Management Group. This is a tiered fee schedule.

- Clients with assets under management between \$0 and \$250,000 will be charged an annual fee of up to 1.75% on all assets;
- Clients with assets under management between \$250,001 and \$500,000 will be charged an annual fee of up to 1.40% on all assets;
- Clients with assets under management between \$500,001 and \$1,000,000 will be charged an annual fee of up to 1.25% on all assets;
- Clients with assets under management between \$1,000,001 and \$2,000,000 will be charged an annual fee of up to 1.12% on all assets; and
- Clients with assets under management above \$2,000,000 will be charged an annual fee of up to 0.90% on all assets.

The annual fee is divided and payable quarterly in advance through a direct debit in the account. LPL Financial is responsible for calculating and debiting all fees from client accounts. Clients must provide LPL Financial written authorization to debit advisory fees from their accounts and pay such fees to Garcia Wealth Management Group. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter.

You will be required to enter into a formal investment advisory agreement with Garcia Wealth Management Group setting forth the terms and conditions of our services, including the amount of our investment advisory fees, and a separate custodial/clearing agreement with LPL Financial.



In addition to the investment advisory fee detailed above, the client will pay certain transaction charges to defray the costs associated with trade execution. Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. Garcia Wealth Management Group will not receive any portion of such commissions or fees from the custodian or clients. These costs are set out in the LPL Strategic Wealth Management platform brokerage account and application agreement.

You may incur certain charges imposed by third parties other than Garcia Wealth Management Group in connection with investments made through the account, including but not limited to, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Garcia Wealth Management Group are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. However, Garcia Wealth Management Group does not get paid mutual fund sales loads, 12b-1 fees and surrender charges in fee-based accounts. Although clients may be charged 12b-1 fees, LPL Financial will retain all such fees. Our advisor representatives (even in their separate capacities as registered representatives of LPL Financial) do not share or receive such fees. Clients are not charged front end sales loads because the front end sales loads for mutual funds are waived in fee-based advisory programs. When institutional class is available and minimum amount is met, Garcia Wealth Management Group uses institutional class mutual funds that generally have lower expenses than non-institutional class.

The Program may cost more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you would be charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold investment strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a Program account.

Either party (i.e. you or us) may terminate the agreement for services at any time. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and a full refund of all fees paid in advance will be provided. If services are terminated after the initial five day period, you will receive a pro-rated refund of fees paid in advance. The refund will be based on the number of days service was actually provided during the final billing period. Termination shall be effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There will be no penalty charge upon termination.

### **Third Party Money Managers**

#### **1. Optimum Market Portfolios**

We have entered into an arrangement with LPL to provide services through the Optimum Market Portfolios Program ("OMP"), a wrap-fee program sponsored by LPL. If you contract for this service you must establish a brokerage account through LPL which serves as the broker/dealer and qualified custodian. OMP offers clients the ability to participate in a professionally managed asset allocation program using OMP Funds Class I shares.

We obtain your necessary financial data and assist you in determining the suitability of OMP and in setting an appropriate investment objective. We assist you with opening an account and determining an investment portfolio. Once the program minimum has been reached and a portfolio selected, LPL purchases OMP funds in amounts appropriate for the portfolio selected. LPL is responsible for

rebalancing the account on the frequency selected jointly by you and us. There are several OMP funds that may be purchased within an OMP account. LPL follows a strategic asset allocation investment style in constructing portfolios for OMP clients. Asset allocation methodology is implemented by combining investments representing various asset classes that reflect differently to varying market conditions. Thus, if one asset class reacts negatively to certain market events, the potential exists for another asset class to react positively. However, there is no guarantee that the use of an asset allocation strategy will produce favorable results. We are responsible for providing you with information about the investment strategy and the portfolios selected for you.

You receive quarterly account statements (monthly when activity occurs in the account), confirmations and performance reports directly from LPL.

LPL requires a minimum investment amount of \$15,000 to establish an OMP account. The maximum annual fee charged through the program is 2.5% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account. LPL is responsible for calculating and debiting all fees from your accounts. You must provide LPL written authorization to debit advisory fees from your account(s) and pay those fees to us. The account quarter begins on the first day of the month in which the account is accepted. Annual fees are divided and billed quarterly in advance by LPL. If you participate in OMP, you must execute the OMP Market Portfolios Client Agreement. There may be other fees and expenses related to the management of OMP accounts. Full details of all fees are provided in the OMP Form ADV Part 2 Appendix, a copy of which is provided to all clients participating in OMP.

We receive 85% to 97.5% of the total fee charged to you, as shown by the following schedule:

<u>Your Account Assets</u>	<u>Our Fee</u>
Under \$500,000	1.5%
\$500,000 to \$2,000,000	1.4%
\$2,000,000 to \$5,000,000	1.0%
Over \$5,000,000	0.8%

The fee charged may be negotiable based on the how the assets are invested. Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. We may also receive other compensation for participating in OMP such as bonuses, awards, or other things of value offered by LPL. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend OMP over other programs.

You may also incur certain charges imposed by LPL or third parties other than us in connection with investments made through OMP accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL may receive a certain portion of these third party fees. Further information regarding charges and fees assessed by the OMP Funds are available in the appropriate prospectus.

LPL serves as a sub-services agent with respect to OMP accounts. As such, LPL provides all sub-accounting and shareholder recordkeeping with respect to OMP Fund shares and provides certain

administrative services. LPL receives administrative servicing fees from the service agent of the OMP Funds. Further, LPL provides investment consulting services to us regarding the OMP Funds. These services include assistance in selecting sub-advisors to the OMP Funds, providing quarterly fact sheets about the OMP Funds, meeting with sub-advisors of the OMP Funds to discuss performance, and assisting the investment advisor of the OMP Funds for making recommendations on sub-advisors to the Board of Trustees. LPL receives an investment consulting compensation from the investment advisor to the OMP Funds.

You can terminate an OMP account by providing written notice to LPL. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, we and LPL reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing an OMP account. These fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

This section is intended as a summary of OMP. If you contract for OMP services, you receive the OMP Form ADV Part 2A Appendix which provides detailed information regarding OMP.

## **2. Manager Access Select Program**

We have entered into an arrangement with LPL to provide services through the Manager Access Select Program ("Manager Select") sponsored by LPL. In Manager Select we assist clients in identifying third-party investment advisors from a list of available advisors to assist you with respect to investment of your funds. At your request, LPL may also act as portfolio manager on Manager Select accounts. Portfolio managers may also hire one or more sub-advisors to manage all or part of your Manager Select account. LPL is responsible for conducting due diligence on third party investment advisors and approving third party investment advisors for inclusion in Manager Select. We conduct our own due diligence and approval process prior to recommending a third party investment advisor to you.

We assist you in completing a confidential client profile enabling you determine appropriate investment guidelines. The confidential client profile is used to determine investment guidelines, risk tolerance, and other factors which assist in ascertaining the suitability of the Manager Select account and appropriate third party investment advisors.

Through Manager Select, we act as a solicitor when recommending you use third-party investment advisors. As a result, we are paid a portion of the fee charged and collected by LPL as the sponsor of Manager Select.

We are available to answer questions you may have regarding your account and act as the communication conduit between you and the third-party investment advisors. Third-party investment advisors take discretionary authority to determine the securities to be purchased and sold for you. Neither we nor our representatives have any trading authority with respect to your Manager Select account. Unless you direct otherwise in writing, third party investment advisors are responsible for voting proxies solicited by, or with respect to, issuers held in an account.

You are required to execute a Manager Select client agreement and establish a brokerage account through LPL who provides you with quarterly account statements (provided monthly when activity occurs),

confirmations and performance reports. Third party investment advisors seek to obtain the best execution possible given the direction to trade through LPL. In some cases, third party investment advisors, in connection with their duty to seek to achieve best execution, may choose to execute transactions through a broker/dealer other than LPL.

In considering whether or not to restrict the execution of transactions through LPL, LPL evaluated its capacities to execute, clear and settle transactions. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If the third party investment advisor chooses to execute a transaction through a broker/dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker/dealer. In evaluating whether to execute a trade through a broker/dealer other than LPL, the third party investment advisor considers the fact that the account is not charged a commission if it is effected through LPL.

You should consider whether or not appointing LPL as the broker/dealer may or may not result in certain costs or disadvantages to you as a result of possibly less favorable executions. In particular, you should understand that your Manager Select account may not be able to participate in block trades affected by a third party investment advisor for its other accounts, which may result in a difference between prices charged to a Manager Select account and the third-party investment advisor's other accounts.

Transactions in fixed income securities may involve mark-up or mark-downs or other charges in addition to the advisory fee. LPL may act as a principal on fixed income trades in Manager Select accounts. In cases where LPL acts as a principal on fixed income trades, LPL may receive additional compensation to the extent it is able to sell fixed income securities for a price higher than what is paid. This may result in higher costs and lower performance than you would have otherwise received.

LPL may aggregate your transactions with other clients' to improve the quality of execution. When transactions are aggregated, the actual prices applicable to the aggregated transactions are averaged, and your account is deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.

The minimum investment amount required to participate in Manager Select is \$100,000. However, some third-party investment advisors may have higher account minimum requirements. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third-party investment advisor's services, fee schedules and account minimums is disclosed in the third party investment advisor's Form ADV Part 2A which is provided to you at the time a third-party investment advisor is selected.

The maximum annual fee charged through the program is 3% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account. LPL is responsible for calculating and debiting all fees from your account(s). You must provide LPL written authorization to debit advisory fees from your accounts and pay those fees to us. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter are prorated based on the number of days remaining in the initial quarter. If you participate in Manager Select, you must execute the Manager Select Client Agreement.

We receive 35% to 80% of the total fee charged to you. Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. We may also receive other

compensation for participating in Manager Select such as bonuses, awards, or other things of value offered by LPL. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend Manager Select over other programs.

Clients may also incur certain charges imposed by LPL or third parties other than us in connection with investments made through Manager Select accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL and our representatives, in their capacity as LPL registered representatives, may receive a portion of certain of these third party fees.

Clients are advised that we may have a conflict of interest by only offering those third-party investment advisors that have agreed to participate in Manager Select. In addition, we may receive additional compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or advertising or marketing initiatives.

You are advised that there may be other third-party managed programs that may be suitable to you that may be more or less costly. No guarantees can be made that your financial goals or objectives are achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

You can terminate a Manager Select account by providing written notice to LPL. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, both we and LPL reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing a Manager Select account. Those fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

#### **Qualified Retirement Plan Consulting Services**

Clients may engage Garcia Wealth Management Group to provide qualified retirement plan consulting services. Qualified retirement plan consulting services may include, but are not necessarily limited to, development and maintenance of model investment portfolios, recommendations regarding investment selection, and educational presentations to plan participants. Below is a list, with descriptions, of the suite of services offered through this program.

- **Qualified Plan Development – Provider Due Diligence Search, Presentation and Finalist Review.** If needed, Garcia Wealth Management Group can assist clients with the establishment of a qualified plan by working with the client and a selected Third-Party Administrator. When a client has not already selected a Third-Party Administrator, Garcia Wealth Management Group can assist the client with the review and selection of a Third-Party Administrator for the Plan.
- **Facilitation of Conversion Process.** Provide assistance with plan conversion if needed.

- **Fiduciary Fitness Program.** Provide fiduciary gap analysis and documentation using proprietary Report Card. Provide annual reviews and guides.
- **Investment Due Diligence Program.** Garcia Wealth Management Group can assist the Client with recommendations of suitable investments that may be held within the plan.
- **Investment Policy Statement.** Provide sample wording and help integrate the Investment Policy Statement with the investment selection process.
- **Educational Presentations.** Garcia Wealth Management Group can provide educational presentations for plan participants. Presentations to participants are informational in nature and intended to provide an overview of the plan and the plan's investment selections. Educational presentations never take into account the individual circumstances of participants and individual recommendations will not be provided.
- **Due Diligence Review.** Upon request from a client, Garcia Wealth Management Group can provide a client with periodic due diligence reviews of the plan and the plan's investment options.
- **Participant Enrollment.** Garcia Wealth Management Group can support the client with plan participant enrollments.
- **Newsletter Campaign.** Provide quarterly employer newsletter.
- **General Plan Consulting.** Respond to ongoing questions, concerns, and issues related to the Plan as raised by the client.

The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Consulting Agreement.

All recommendations of investment options and portfolios will be submitted to the client for the client's ultimate approval or rejection. Therefore, it is always the client's responsibility to accept Garcia Wealth Management Group's investment recommendations and then physically make changes to the plan itself.

In the event a client contracts Garcia Wealth Management Group for one-on-one consulting services with Plan Participants, such services are consulting in nature and do not involve Garcia Wealth Management Group implementing recommendations in individual participant accounts. It will be the responsibility of each Participant to implement changes in their individual accounts.

The Plan custodian will send statements to the Plan, at least quarterly, showing all disbursements from the Plan, including the amount of the advisory fee paid and when such fee is deducted directly from the Plan. Upon request, Garcia Wealth Management Group will send the Plan a fee billing notice showing the amount of the fee that will be deducted, the manner in which the fee was calculated, any adjustments to the fee and an explanation of such adjustments.

Our services are normally provided on an on-going basis, but may also be provided on a one-time or periodic (as requested by the client) basis. Fees for one-time or as-needed services are billed on an hourly basis of up to \$250 (as negotiated with each client depending on the client's specific service request) not to exceed \$10,000 per project. Fees for one-time or as-needed services are payable as time is incurred and services are billed.

Fees for ongoing qualified retirement plan consulting services may be calculated and billed in advance or in arrears each quarter. Fees can be based on a percentage of the total market value of the Plan at the close of the quarter or charged on a fixed-fee basis as agreed to by the client and Garcia Wealth Management Group. Our maximum annual fee based on a percentage of the total market value of the Plan does not exceed 0.70% of the assets under advisement. When billing on a fixed fee basis, we will not charge more than \$20,000 annually. Fees are negotiable based on factors such as, but not limited to, the size of the plan and the number of participants.

We charge a minimum annual fee of \$1,500 (which also covers setup of new arrangements) until the Plan reaches \$1,000,000 in assets.

Fees may be billed and collected on a quarterly or semi-annual basis. For percentage based fees, the current period fee payment will be calculated using the value of the Plan assets at the end of the period. When charging a fixed-fee, we will divided the annual fee into four (quarterly payments) or two (semi-annual payments) equal payments.

The actual fee charged to a client, payment method (i.e. deducted from the Plan or paid via invoice), and when fees will be collected will be described in the Qualified Retirement Plan Consulting Agreement. Fees are generally deducted from the Plan by the custodian and paid to Garcia Wealth Management Group based upon the custodian's receipt of written authorization to have the fees deducted from the Client's account and paid to Garcia Wealth Management Group. If agreed to in advance and at the discretion of Garcia Wealth Management Group, Garcia Wealth Management Group may bill the Client directly rather than have fees automatically deducted from the Plan. For any Clients that Garcia Wealth Management Group bills directly, fees for Garcia Wealth Management Group's qualified retirement plan consulting services are due within 30 days after Client's receipt of the billing notice.

Certain expenses incurred by Garcia Wealth Management Group in order to perform the agreed upon Plan services will be considered outside of the standard fee for services described above and will be billed directly to client in addition to the agreed upon service fee indicated. Any outside expenses that clients may be responsible for will be described in the Qualified Retirement Plan Consulting Agreement.

In addition to Garcia Wealth Management Group's compensation, the Client will also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses) and charges imposed by the Plan custodian and Third-Party Administrator (if applicable). Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to Client by the custodian. Garcia Wealth Management Group will not receive any portion of such brokerage commissions or transaction fees from the custodian or Client. Service fees charged by Garcia Wealth Management Group are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to Clients. A description of these fees and expenses are available in each investment company security's prospectus.

Either Client's authorized representative or Garcia Wealth Management Group may terminate the Qualified Retirement Plan Consulting Agreement with 30 days written notice to the other party. A refund of any unearned fees will be made based on the time expended by the Garcia Wealth Management Group before termination. A full refund of any fees paid will be made if the agreement is terminated within five business days. The Qualified Retirement Plan Consulting Agreement terminates upon failure of the Client to pay Service Fees pursuant to the terms stated in that Agreement.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this brochure because Garcia Wealth Management Group does not charge or accept performance-based fees which can be defined as fees based solely on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

We generally provide investment advice to the following types of clients.

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement with Garcia Wealth Management Group.

### **Minimum Investment Amounts Required**

We require a minimum investment amount of \$250,000 to establish an investment management account. A minimum investment amount of \$15,000 is required for Optimum Market Portfolios accounts. For Manager Access Select accounts, a minimum investment amount of \$100,000 is required. Exceptions to the Optimum Market Portfolios and Manager Select minimums may be granted by LPL and Garcia Wealth Management Group.

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

### **Garcia Wealth Management Group uses the following methods of analysis in formulating investment advice.**

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.



**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

**Garcia Wealth Management Group uses the following investment strategies when managing client assets and/or providing investment advice.**

- ✓ Long term purchases - Investments held at least a year.
- ✓ Short term purchases - Investments sold within a year.
- ✓ Trading - Investments sold within 30 days.
- ✓ Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

**Risk of Loss.**

Investing in securities involves risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** The market as a whole goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.

- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- Options Risk. Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

#### **Item 9 – Disciplinary Information**

This item is not applicable to Garcia Wealth Management Group's brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of Garcia Wealth Management Group's business or the integrity of Garcia Wealth Management Group's management.

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

We are not and do not have a related person that is:

- ✓ A broker/dealer, municipal securities dealer or government securities dealer or broker
- ✓ An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- ✓ A futures commission merchant, commodity pool operator or commodity trading advisor
- ✓ A banking or thrift institution
- ✓ Accountant or accounting firm
- ✓ A lawyer or law firm
- ✓ A pension consultant
- ✓ A real estate broker or dealer
- ✓ A sponsor or syndicator of limited partnerships

#### **Securities Sales**

Robert Garcia, Paul Parotti and Stephanie Dettwiler are registered representatives of LPL. You can engage them in this separate capacity to render securities brokerage services under a commission

arrangement. They may have a financial incentive to recommend that a financial plan be implemented using a certain product or service. This is a conflict of interest because they could receive commissions in their capacity as a registered representative and could also receive advisory fees in their capacity as an investment advisor representative.

You are under no obligation to use the services of our representatives in this separate capacity or to use LPL and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use LPL. Prior to effecting any transactions, you are required to enter into a new account agreement with LPL. The commissions charged by LPL may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

#### **Investment Advisor Representatives with LPL**

Robert Garcia and Paul Parotti are also affiliated as investment advisor representatives with LPL. However, they do not establish new advisory agreements in their capacities as investment advisor representatives of LPL. All new advisory client arrangements must be established through Garcia Wealth Management Group. Mr. Garcia and Mr. Parotti's advisory clients will transfer to an agreement with Garcia Wealth Management Group. It is anticipated they will terminate their investment advisor representative statuses with LPL once the client transition process is concluded.

#### **Insurance Sales**

Robert Garcia, Paul Parotti and Stephanie Dettwiler are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they may receive fees or commissions for selling these products. You are under no obligation to direct insurance transactions to insurance companies with which our representatives may be licensed. Suitable insurance and investment products may be available from other companies.

#### **Third-Party Money Managers**

As described in Item 5 of this brochure, we recommend independent, third-party money managers through LPL's Optimum Wealth Portfolios and Manager Select programs. When we refer clients to a third party money manager, we receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest because we only recommend third party money managers that agree to compensate us by paying us a portion of the fees billed to your account managed by the third party money manager.

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

#### **Code of Ethics Summary**

Garcia Wealth Management Group has established a Code of Ethics that will apply to all of our personnel. An investment adviser is considered a fiduciary.. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Garcia Wealth Management Group has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the advisor's Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. Garcia Wealth Management Group requires all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons must sign an acknowledgement that they

have read, understand and agree to comply with the advisor's Code of Ethics. Garcia Wealth Management Group has the responsibility to make sure that the interests of all clients are placed ahead of Garcia Wealth Management Group's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. Garcia Wealth Management Group and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is a summary of our Code of Ethics. **However, if you would like to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.**

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

Our personnel may buy or sell investment products for our personal accounts that are identical to those recommended to you. This creates a potential conflict of interest. It is our express policy that all persons associated in any manner with us must place your interests ahead of our own when implementing personal investments. We and our associated persons will not buy or sell securities for our personal account(s) where our decision is derived, in whole or in part, by information obtained as a result of employment unless the information is also available to the investing public upon reasonable inquiry.

### **Item 12 – Brokerage Practices**

#### **LPL Financial as Broker/Dealer and Custodian**

Clients wishing to implement our advice are free to select any broker/dealer they wish and are so informed. If clients wish to have our investment advisor representatives implement advice in their capacity as registered representative, LPL will be used. Robert Garcia and Paul Parotti are registered representatives of LPL and are required to use the services of LPL when acting in their capacity as registered representatives. LPL has a wide range of approved securities products for which LPL performs due diligence prior to selection. LPL's registered representatives are required to adhere to these products when implementing securities transactions through LPL. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. Because Robert Garcia and Paul Parotti are registered representatives of LPL, LPL provides compliance support to Garcia Wealth Management Group's associated persons. In addition to compliance support, LPL also provides the associated persons of Garcia Wealth Management Group, and therefore Garcia Wealth Management Group, with back-office operational, technology, and other administrative support.

If clients wish to implement the advice of Garcia Wealth Management Group through most of the programs described in this Disclosure Brochure, LPL will be the broker/dealer and custodian required due to Garcia Wealth Management Group's associated persons' relationship with LPL. Garcia Wealth Management Group recommends broker/dealers and custodians that Garcia Wealth Management Group feels will provide services in a manner and at a cost that will allow Garcia Wealth Management Group to meet its duty of best execution. However, Garcia Wealth Management Group may be limited in the broker/dealer or custodians that it is allowed to use due to Garcia Wealth Management Group's associated persons relationship with LPL. LPL may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

While there is no direct linkage between the investment advice given to clients and Garcia Wealth Management Group's recommendation of LPL, economic benefits may be provided by LPL to Garcia Wealth Management Group that will not be provided if the client selects another broker/dealer or account

custodian. These benefits may include: negotiated costs for transaction implementation, a dedicated trade desk that services LPL participants exclusively, a dedicated service group and an account services manager dedicated to Garcia Wealth Management Group's accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access, for a fee, to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. However, due to our relationship with LPL, it is our policy that all accounts managed by Garcia Wealth Management must be established through LPL. By directing clients to use a particular broker/dealer, LPL, Garcia Wealth Management Group may not achieve the most favorable execution of client transactions and the practice requiring the use of LPL may cost clients more money than if the client used a different broker/dealer or custodian.

### **Block Trading Policy**

In some cases transactions implemented by Garcia Wealth Management Group are effected on an individual basis. However, sometimes Garcia Wealth Management Group will purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by Garcia Wealth Management Group when Garcia Wealth Management Group believes such action may prove advantageous to clients. When Garcia Wealth Management Group aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be allocated among Garcia Wealth Management Group's clients in a fair and equitable manner for each client account on any given day. When Garcia Wealth Management Group determines to aggregate client orders for the purchase or sale of securities, including securities in which the associated person of Garcia Wealth Management Group may invest, Garcia Wealth Management Group will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, Garcia Wealth Management Group does not receive any additional compensation or remuneration as a result of aggregation.

### **Trade Error Policy**

Garcia Wealth Management Group has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Garcia Wealth Management Group to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Garcia Wealth Management Group if the error was caused by Garcia Wealth Management Group. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs.

Garcia Wealth Management Group and its associated persons will never retain any portion of any gains made as a result of trade error corrections or profit in any way from trade errors.

If the gain does not remain in the account, the broker/dealer will maintain gains that may result from correcting a trade error and in some instances may use such gains to offset overall losses the broker/dealer incurs from trading errors.

### **Item 13 – Review of Accounts**

#### **Account Reviews and Reviewers**

Account reviews are provided in connection with investment management accounts. If your accounts are managed directly by Garcia Wealth Management Group, Robert Garcia, Paul Parotti or Stephanie Dettwiler will contact you at least annually for the purpose of reviewing your account(s) and to determine if there have been changes in your financial situation or investment objectives. The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in your circumstances, at your request, or changes within the market.

The underlying investments held in client accounts are reviewed on a more frequent basis. Portfolios constructed by Garcia Wealth Management Group are usually reviewed as frequently daily or weekly, but no less than monthly by Robert Garcia, Paul Parotti and Stephanie Dettwiler.

Portfolios constructed by third-party investment advisors will be monitored by the third-party investment advisor.

#### **Statements and Reports**

You will receive account statements directly from the qualified custodian of your account(s). Statements will be delivered at least quarterly. In addition, we may provide written performance or position reports of accounts under our management. You are strongly urged to compare all reports prepared by Garcia Wealth Management Group against the account statements received from the client's broker/dealer or qualified custodian.

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

We do not directly or indirectly compensate anyone for client referrals to us.

Please see **Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations** and **Item 12, Brokerage Practices**, for additional discussion about solicitor/referral fees from third party managers, other compensation and non-economic benefits.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined 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 advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Garcia Wealth Management Group is deemed to have custody of client funds and securities whenever Garcia Wealth Management Group is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Garcia Wealth Management Group will ever maintain. It should be noted that authorization to trade in client accounts is not deemed as custody by regulators.

For accounts in which Garcia Wealth Management Group is deemed to have custody and all other accounts, Garcia Wealth Management Group has established procedures to ensure all client funds and

securities are held at a qualified custodian (for example LPL Financial) in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Garcia Wealth Management Group. When clients have questions about their account statements, they should contact Garcia Wealth Management Group or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

Upon receiving written authorization from the client, we provide **discretionary** investment advisory services for client accounts. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, We will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

A vote by proxy is a vote that is mailed in or cast in some other way while the person voting is physically absent. This is most frequently used by shareholders in a company who are unable to attend the annual shareholder's meeting but still want their vote to count.

Garcia Wealth Management Group does **not** perform proxy-voting services on a client's behalf. You are instructed to read through the information provided with the proxy-voting documents and to make a determination based on the information provided. Upon request we may provide limited clarifications of the issues presented in the proxy voting materials based on our understanding of issues presented in the proxy-voting materials. However, you will have the ultimate responsibility for making all proxy-voting decisions.

## **Item 18 – Financial Information**

This item is not applicable to our brochure. Garcia Wealth Management Group does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for its most recent fiscal year. We have not been subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

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

The following are responses to questions on the Form ADV instructions specific to state-registered investment advisory firms.

### **A. Education and Business Background – Management Personnel**

**Robert A. Garcia**, CFP®, AIF® | CERTIFIED FINANCIAL PLANNER™, Accredited Investment Fiduciary®

#### **Education Background**

- Graduated from Cal Poly San Luis Obispo in 1997 with a degree in Business Administration concentrating in Financial Management
- Obtained a Certificate in Financial Planning from Boston University in 2009

#### **Business Background**

- Garcia Wealth Management Group – Sole Proprietor and Investment Advisor Representative (01/2012-Present)
- LPL Financial – Investment Advisor Representative and Registered Representative (02/2003-Present)

**Paul Parotti**, CFP®, QPFC | CERTIFIED FINANCIAL PLANNER, Qualified Plan Financial Consultant

#### **Education Background**

- Graduated from Cal Poly Pomona in 1999 with a degree in Psychology

#### **Business Background**

- Garcia Wealth Management Group – Financial Planning and Investment Advisor Representative (01/2012-Present)
- LPL Financial – Investment Advisor Representative and Registered Representative (02/2008-Present)
- IFS Financial Planning, Financial Planner (02/2008 – 09/2009)
- No Employment (11/2007 – 02/2008)
- Spherion, Regional Project Manager (08/2007 – 11/2007)
- American Home Mortgage, Associate Vice President – Product and Sales Support (10/2001 – 08/2007)



## Professional Designations

- The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

- ✓ The AIF certification signifies that an individual has a thorough knowledge of and ability to apply the fiduciary practices. To obtain the AIF certification, candidates must complete a training curriculum and then pass an AIF exam. AIF designees are required to adhere to a strict code of ethics. In order to maintain an AIF license, AIF designees must complete six hours of continuing professional education each year.

#### Professional Credential

- ✓ The Qualified Plan Financial Consultant (QPFC) professional credential is granted by the American Society of Pension Professionals and Actuaries (ASPPA). Participants of the QPFC program will gain an understanding of general retirement planning concepts, terminology, distinctive features of qualified plans and the role of retirement plan professionals. QPFC is not an entry-level credential. A candidate will be expected to demonstrate a general proficiency of plan administration, compliance, investment, fiduciary, and ethics issues.

A QPFC applicant must meet all requirements as established by NAEPC, including:

1. Completion of ASPPA's QPFC Plan Financial Consulting Examinations (Part 1 and Part 2)

In addition to the examination requirements, candidates are also required to meet one of the following:

1. Series 6, 7 license issued by FINRA or 65 license issued by NASAA and two letters of reference demonstrating at least two years of retirement plan related experience; or
2. State-life or annuity insurance license and two letters of reference demonstrating at least two years of retirement plan related experience; or
3. Investment Advisor Representative registration and two letters of reference demonstrating at least two years of retirement plan related experience; or
4. Two letters of reference demonstrating at least three years of retirement plan related experience.

Continuing Education Requirements: QPFC credentialed members are required to complete 4-hours of Continuing Education (CE) credits (2 of these must be Ethics) in a two-year cycle and are required to renew their ASPPA Membership annually to retain this credential.

#### **Stephanie Dettwiler**

##### Education Background

- Graduated from Boise State University in 1999 with a degree in Finance and a degree in Political Science

##### Business Background

- Garcia Wealth Management Group – Financial Advisor (03/2013-Present)
- LPL Financial – Investment Advisor Representative and Registered Representative (03/2013-Present)

- Primerica Financial Services - Sales (10/2011 – 03/2013)
- PFS Investments Inc. - Sales (02/2012 – 03/2013)
- GJG CA LLC - General Manager (02/2004 – 12/2011)
- WAW Consultancy - Consultant (10/2001 – 08/2007)

## **B. Other Business Activities**

As disclosed in Item 10 – Other Financial Industry Activities and Affiliations, Robert Garcia Paul Parotti, and Stephanie Dettwiler are also registered representatives of LPL Financial and independently licensed insurance agents. They spend approximately 20% of their time on those activities.

## **C. No Performance Based Fees**

As previously disclosed in Item 6, we do not charge performance based fees.

## **D. No Arbitrations**

The Firm has not been the subject of any client arbitrations or similar legal disputes. Further, Robert Garcia has not filed for bankruptcy protection.

## **E. Relationship with Issuer of Securities**

We do not have any relationship with “issuers of securities”. However, please refer to Item 12 – Brokerage Practices for a description of our brokerage arrangements.

### **Information Required by Part 2B of Form ADV: *Brochure Supplement***

The following are responses to each item found in the Form ADV Part 2B instructions.

#### **Item 1 – Cover Page**

This brochure supplement provides information about Robert Garcia, Paul Parotti, and Stephanie Dettwiler that supplements the information previously provided in this brochure. Please contact Rob Garcia 805 434-2608 if you have any questions about the contents of this supplement. Additional information about Mr. Garcia and Mr. Parotti is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

Please see Item 19 of this Disclosure Brochure for Robert Garcia, Paul Parotti, and Stephanie Dettwiler’s education and business experience background.

#### **Item 3 – Disciplinary Information**

Robert Garcia, Paul Parotti, and Stephanie Dettwiler have never been subject to a legal or disciplinary event.

#### **Item 4 – Other Business Activities**

Please refer to Item 10 of this Disclosure Brochure for details regarding Robert Garcia, Paul Parotti, and Stephanie Dettwiler’s business activities with LPL Financial and their activities as independent insurance agents.

### **Item 5 – Additional Compensation**

Certain product sponsors may provide Robert Garcia, Paul Parotti, and Stephanie Dettwiler with other economic benefits as a result of their recommendation or sale of the product sponsors' investments. The economic benefits received by Robert Garcia, Paul Parotti, and Stephanie Dettwiler from product sponsors can include but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist Robert Garcia, Paul Parotti, and Stephanie Dettwiler in providing various services to clients. Although we endeavor at all times to put the interest of its clients ahead of our own, these arrangements present a conflict of interest that may affect the judgment of Robert Garcia, Paul Parotti, and Stephanie Dettwiler.

### **Item 6 – Supervision**

Mr. Garcia is ultimately responsible for supervising activities and services provided by the Firm including the services provided by Paul Parotti, and Stephanie Dettwiler. Investment accounts are reviewed by Mr. Garcia on an on-going basis. Mr. Garcia can be contacted at 805-434-2608.

### **Item 7 – Requirements for State-Registered Advisers – Legal and Financial Disclosure**

Robert Garcia, Paul Parotti, and Stephanie Dettwiler have not been the subject of any client arbitrations or similar legal disputes. Further, they have been subject to a personal bankruptcy proceeding.

## **Customer Privacy Policy Notice**

**Commitment to Clients' Private Information:** We have developed a policy for protecting the confidentiality and security information we collect about our clients. We do not, and will not, share nonpublic personal information about clients ("Information") with outside third parties without the client's consent, except for the specific purposes described below. This notice has been provided to describe the information we may gather and the situations under which we may need to share it.

**Why We Collect and How We Use Information.** Garcia Wealth Management Group limits the collection and use of information within our firm to only those individuals associated or employed with us that must have the information to provide financial services to clients. Such services include maintaining accounts, processing transaction requests, providing financial planning, financial consultation, and other services described in this disclosure brochure.

**How We Gather Information.** Garcia Wealth Management Group obtains most information directly from our clients when they provide us with information from any of the following sources:

- Applications or forms (for example: name, address, social security number, birth date, assets, income, financial history)
- Transactional activity in accounts (for example: trading history and account balances)
- Information services and consumer reporting sources (for example: to verify identity or to assess credit history)
- Other sources with client consent (for example: insurance professional, attorney, or accountant)

**How We Protect Information.** Our employees and affiliated persons are required to protect the confidentiality of information and to comply with our stated policies. They may access information only when there is an acceptable reason to do so, such as to service client accounts or to provide financial services. Employees who violate our Privacy Policy are subject to disciplinary action, up to and including

termination from employment with us. We also maintain physical, electronic, and procedural safeguards to protect information. These safeguards comply with applicable SEC, state, and federal laws.

**Sharing Information with Other Companies Permitted Under Law.** Garcia Wealth Management Group does not disclose information obtained in the course of our practice except as required or permitted under law. Permitted disclosures include providing information to unrelated third parties who need to have access to the information in order to assist us in providing services. Unrelated third parties may include broker/ dealers, mutual fund companies, insurance companies, and the custodian holding client assets. In these situations, we stress the confidential nature of the information being shared. We may also share information with LPL Financial which has supervisory obligations over certain of our activities. As a result of the LPL relationship, LPL will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about Garcia Wealth Management Group's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Garcia Wealth Management Group.

**Former Customers.** Even if we cease to provide financial products or services to a client, our Privacy Policy will continue to apply to that client and we will continue to treat the client's nonpublic information with strict confidentiality.

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