



PAULEY FINANCIAL
Helping people make important life choices

Part 2B of Form ADV: *Brochure Supplement*

Ross Douglas Pauley
Pauley Financial Services, Inc.
4509 St. Clair Ct.
Flower Mound, TX 75022
214.295.5541

July 2015

This brochure supplement provides information about R. Douglas Pauley that supplements the Pauley Financial Services, Inc. ("Pauley Financial") brochure. You should have received a copy of that brochure. Please contact Brian A. Cox at bcox@pauleyfinancial.com or 512.215.4009 if you did not receive Pauley Financial's brochure or if you have any questions about the contents of this supplement.

Additional information about R. Douglas Pauley is available on the SEC's website at www.adviserinfo.sec.gov

Item 2 Educational, Background and Business Experience

Full Legal Name: Ross Douglas Pauley **Born:** 1958

Education

- Harvard Graduate School of Business Administration; MBA, Finance; 1988
- United States Military Academy (USMA) at West Point; BS, Economics; 1981

Business Experience

Pauley Financial Services, Inc., Managing Principal; from 4/2/1996 to Present

United States Army Officer; from 5/27/1981 to 4/1/1996

Designations

R. Douglas Pauley has earned the following designation(s) and is in good standing with the granting authority:

- CERTIFIED FINANCIAL PLANNER (“CFP”) Certificant; CERTIFIED FINANCIAL PLANNER Board of Standards, Inc.; 1991
- Accredited Investment Fiduciary (“AIF”); Center for Fiduciary Studies; 2005
- NAPFA-Registered Financial Advisor; The National Association of Personal Financial Advisors (“NAPFA”); 1996

Description of designation requirements:

CERTIFIED FINANCIAL PLANNER (CFP) designation

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.

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;
- 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 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.

Accredited Investment Fiduciary designation

- Complete Accredited Investment Fiduciary Training with course objectives of:
 - Articulate the basis for, and benefits of, fiduciary standards of excellence.
 - Identify when an individual or organization may be deemed to have fiduciary status.
 - Identify the legal standards that require fiduciaries to prudently manage investment decisions.

- Apply the Practices that define a prudent investment process for Investment Stewards and Advisors and recognize the Practices for Investment Managers.
 - Strengthen own or clients' fiduciary policies and procedures.
- Pass the course-ending exam with a score of 75% or better.
- Sign and agree to abide by a code of ethics.
- Complete six hours of continuing professional education annually, four of which are fi360 Training CE.

NAPFA-Registered Financial Advisor designation

Standards of Membership and Affiliation: Applicants for any category of membership ("Members") or affiliation ("Affiliates") with NAPFA must meet the following standards to be considered for admission, and must continue to abide by such standards in order to maintain eligibility and good standing in NAPFA.

1. NAPFA's definition of a Fee-Only financial planner

NAPFA defines a Fee-Only financial advisor as one who is compensated solely by the client with neither the advisor nor any related party receiving compensation that is contingent on the purchase or sale of a financial product. Neither Members nor Affiliates may receive commissions, rebates, awards, finder's fees, bonuses or other forms of compensation from others as a result of a client's implementation of the individual's planning recommendations. "Fee-offset" arrangements, 12b-1 fees, insurance rebates or renewals and wrap fee arrangements that are transaction based are examples of compensation arrangements that do not meet the NAPFA definition of Fee-Only practice. If you have questions about specific compensation arrangements, please contact the NAPFA Membership Manager.

2. Prohibition of certain ownership interests and employment relationships

Neither a Member nor an Affiliate may own more than a 2% interest in, or be employed by, a financial services industry firm (see definition below) that receives transaction based compensation as prohibited by the NAPFA Standards of Membership and Affiliation.

A related party (see definition below) to a Member or an Affiliate may not own more than a 2% interest in a financial services industry firm that receives transaction based compensation as prohibited by NAPFA; and to whom the Member or Affiliate makes referrals or otherwise directs business.

Financial services industry firm includes any entity or individual that offers any type of financial service, e.g., securities broker or dealer, investment adviser, asset manager, investment company,

banking institution, savings institution, trust company, mortgage bank, credit union, savings and loan association, insurance broker or dealer or agent, real estate broker or agent, commodities broker or dealer or agent. Related party means a household member with whom a member or affiliate shares income or economic benefits.

3. Compliance with NAPFA standards and industry regulations - Members and Affiliates

- must abide by the NAPFA Code of Ethics, Standards of Membership and Affiliation, Bylaws, resolutions adopted by the Board and all rules set forth in the NAPFA Policies and Procedures Manual.
- agree to comply with all federal and state statutes, rules, regulations, administrative and judicial rulings, and other authorities applicable to the provision of financial planning or advisory related services.
- agree that they will make all appropriate filings, amendments and renewals as appropriate to required filings with regulatory authorities. This shall include, but is not limited to, Form ADV. As a condition of NAPFA membership, any and all Form ADV filings may be reviewed by the Membership Task Force.

4. Prompt notification of certain disciplinary and legal events.

Members and Affiliates have a continuing obligation to inform the NAPFA National Office, in a prompt manner and in writing, of significant disciplinary and legal events. These events include, but are not limited to, the following:

- any disciplinary inquiry or proceeding initiated by any federal, state or local civil or criminal authority or regulatory body, including any inquiry or proceeding relating to the firm with which the individual is associated;
- any disciplinary inquiry or proceeding initiated by a credentialing or membership organization or authority to which the individual is subject, e.g., Certified Financial Planner Board of Standards, State Board of Public Accountancy;
- any bankruptcy, receivership, or other type of assignment or arrangement for the benefit or protection of creditors of the individual or any entity in which the individual holds an interest of 5% or more.

NAPFA reserves the right to decline membership if the applicant has failed to comply with statutes or regulations governing the profession, or has been unsuccessful in the defense of civil claims arising from professional services, unless such violations or claims are not material.

Item 3 Disciplinary Information

R. Douglas Pauley has no reportable disciplinary history.

Item 4 Other Business Activities

A. Investment-Related Activities

1. R. Douglas Pauley is not engaged in any other investment-related activities.
2. R. Douglas Pauley does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

B. Non Investment-Related Activities

R. Douglas Pauley is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his or her time.

Item 5 Additional Compensation

R. Douglas Pauley does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Item 6 Supervision

Supervisor: Brian A. Cox is a Principal of the firm serving as the Chief Compliance Officer is responsible for supervision of R. Douglas Pauley

Title: Principal and Chief Compliance Officer

Phone Number: 512.215.4009