

## Form ADV Part 2A: *Firm Brochure*

### Item 1 – Cover Page

#### **Epstein and White Financial LLC**

9740 Appaloosa Road, Suite 150

San Diego, California 92131

858-564-8036

[www.epsteinandwhite.com](http://www.epsteinandwhite.com)

Date of Disclosure Brochure: April 30, 2019

---

This disclosure brochure provides information about the qualifications and business practices of Epstein and White Financial LLC (also referred to as we, us and Epstein and White Financial throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Debra Del Secco at 858-564-8036 or [delsecco@epsteinwhite.com](mailto:delsecco@epsteinwhite.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Epstein and White Financial is also available online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Epstein and White Financial LLC or our firm's CRD number 281230.

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

## Item 2 – Material Changes

This Brochure dated April 30, 2019 contains the following material changes, which have been made since our last annual filing in March 2018:

*Item 4 – Advisory Business* – updated to reflect the amount of our assets under management as of January 2019.

*Item 5 – Fees and Compensation*: updated to reflect our new fee schedule for our asset management services and that fees for those services are now billed in arrears (at the end of the billing period) on a monthly calendar basis and calculated based on the average daily balance (including cash and cash equivalents) of your account(s) for the preceding calendar month. Fees are prorated based on the number of days service is provided during each billing period. The firm no longer charges a reduced fee of 0.50% for the allocation of an account attributable to alternative investments. Also added language to reflect that the firm has the right to negotiate fees, has clients with different fees than shown, and has in the past and can in the future, waive fees for employee and friends and family of the firm. In addition, added that we now charge an annual platform fee of \$30 per account to clients for the use of Tamarac Trading®.

*Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss*: updated to enhance details on the risks associated with the investments utilized by us. Also included disclosures that insurance products recommended by us and our representatives have risks that are disclosed in writing and should be read before purchasing.

*Item 10 - Other Financial Industry Activities and Affiliations*: updated to include details regarding our affiliated insurance agency, including the conflicts associated with this affiliation and the steps we take to address such conflicts. Also added language to outline that clients are under no obligation to implement insurance recommendations and are free to choose any insurance agency. In addition, added that suitable insurance products are available from other sources and the insurance recommendations made by our investment adviser representatives may be limited to insurance products offered through insurance companies they are appointed with and other suitable investment products might be available through other insurance companies

*Item 15 – Custody*: updated to enhance disclosures for the reasons why Epstein and White Financial is deemed to have custody over certain client assets and the safeguarding steps we take.

*Item 17 – Voting Client Securities*: updated to reflect that the firm does not vote proxies on behalf of its clients.

Other non-materials updates were made to this Brochure. Therefore, we encourage each client to review this Brochure carefully and to call us with any questions you may have. The previous version of this Brochure was dated March 29, 2019.

Pursuant to federal securities laws, we are required to deliver to you, within 120 days of the end of our fiscal year, either a summary of any material changes made to this Disclosure Brochure since the last version, along with an offer to provide the complete Brochure, or a copy of the complete Brochure. We also will provide a summary of any material changes to this document made throughout the year, as necessary. Our Disclosure Brochures are provided to you free of charge and a copy can be requested anytime by contacting us at (858) 564-8036.

Additional information about Epstein and White Financial is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Epstein and White Financial who are registered as investment adviser representatives of the firm.

### Item 3 – Table of Contents

Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	4
Item 4 – Advisory Business .....	5
Introduction .....	5
Description of Advisory Services .....	5
Limits Advice to Certain Types of Investments .....	8
Wrap Fee Programs .....	7
Client Assets Managed by Epstein and White Financial .....	8
Item 5 – Fees and Compensation .....	8
Asset Management Services .....	9
Third-Party Money Managers .....	10
Financial Planning Services .....	10
Item 6 – Performance-Based Fees and Side-By-Side Management .....	11
Item 7 – Types of Clients .....	11
Minimum Investment Amounts Required .....	11
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9 – Disciplinary Information .....	13
Item 10 – Other Financial Industry Activities and Affiliations .....	13
Insurance Agents and Affiliated Agencies .....	12
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	14
Code of Ethics Summary .....	14
Affiliate and Employee Personal Securities Transactions Disclosure .....	14
Item 12 – Brokerage Practices .....	15
The Custodian and Brokers We Use .....	15
How We Select Custodians and Brokers .....	15
Your Brokerage and Custody Costs .....	15
Products and Services Available to Us from Brokers/Custodians .....	15
Aggregation of Transactions .....	16
Item 13 – Review of Accounts .....	16
Account Reviews and Reviewers .....	16
Statements and Reports .....	17
Item 14 – Client Referrals and Other Compensation .....	17
Item 15 – Custody .....	17
Item 16 – Investment Discretion .....	18
Item 17 – Voting Client Securities .....	18
Item 18 – Financial Information .....	19

#### **Item 4 – Advisory Business**

Epstein and White Financial is an investment adviser registered with the Securities and Exchange Commission and is a limited liability company (LLC) formed under the laws of the State of California.

- Bradley R. White Financial and Insurance Services, Inc. (“BWFIS”) is a member of Epstein and White Financial. BWFIS controls 50% of Epstein and White Financial. Bradley R. White is the President and 100% owner of BWFIS and a Managing Member of Epstein and White Financial. Full details of the education and business background of Bradley R. White is provided in the Part 2B Supplement of this Disclosure Brochure.
- David M. Epstein Insurance Services, Inc. (“DEIS”) is a member of Epstein and White Financial. DEIS controls 50% of Epstein and White Financial. David Epstein is President and 100% owner of DEIS and a Managing Member of Epstein and White Financial. Full details of the education and business background of David M. Epstein is provided in the Part 2B Supplement of this Disclosure Brochure.
- Epstein and White Financial was formed in July of 2015 and became registered with the State of California in February of 2016 and then changed to SEC registration in July of 2017. Please refer to Item 10 of this Brochure for details on all our financial affiliations.
- We believe we have fully disclosed all material conflicts of interest regarding Epstein and White Financial, our investment adviser representatives, and our employees that could reasonably be expected to impair the rendering of unbiased and objective advice.

#### **Introduction**

The investment advisory services of Epstein and White Financial are provided to you through individuals who are registered as investment adviser representatives of Epstein and White Financial (referred to as your investment adviser representative throughout this brochure).

As outlined within this Brochure, there are certain investment advisory services provided by Epstein and White Financial which create a potential conflict of interest between our interests and your interests. You are under no obligation to act on our recommendations, and if you do, are under no obligation to effect any transaction through us, through an affiliate, or through any associated person.

David Epstein and Bradley White are the co-hosts of a radio show. There are no fees associated with these activities.

#### **Description of Advisory Services**

The following are descriptions of the primary advisory services offered by Epstein and White Financial. Please understand that a written agreement, which details the terms of our services and the related fees, must be signed by you and Epstein and White Financial before we can provide you any of the services described below.

**Asset Management Services** - Epstein and White Financial offers asset management services, which involves Epstein and White Financial providing you with continuous and ongoing supervision of your specified accounts. Accounts are generally reviewed at least quarterly and will often be reviewed more frequently, although not daily.

Upon hiring us, you must appoint our firm as your investment adviser of record on specified accounts (collectively, the "Account") with your custodian(s). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities in the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed based on your financial situation, investment objectives and risk tolerance. We will actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments in the Account on a discretionary or non-discretionary basis as agreed upon with you.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will request information from you at least annually to assess any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to your financial status or the status of your Account. You may impose reasonable restrictions on the management of your accounts, including instructing us to refrain from purchasing certain securities.

It is important for you understand, we manage investments for other clients and provide advice and/or take actions for them, or for our personal accounts, which may differ from the advice provided to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we buy, sell or recommend for any other clients or for our own accounts.

Conflicts arise in the allocation of investment opportunities among Accounts we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that any investment opportunity that comes to our attention will be allocated in any particular manner.

**Sub-Advisers:** From time to time, Epstein and White Financial will use an outside investment manager under a sub-advisory arrangement to assist us with managing the Account or a portion of the Account. Epstein and White Financial is granted the discretionary authority to both hire and fire sub-advisers through the investment advisory agreement that each client signs.

Epstein and White Financial conducts both initial and ongoing due diligence on any sub-adviser we use, and we continually monitor the management of the designated assets of the Account(s).

Epstein and White Financial will be available to answer questions Clients may have regarding any portion of Client's Account managed by a sub-adviser, and they will act as the communication conduit between the Client and the sub-adviser. A complete description of services, practices, and fees will be disclosed in the applicable outside manager's Form ADV Part 2A that will be provided to the client.

**Referral of Third-Party Money Managers** - Epstein and White Financial also periodically refers certain clients to third-party money managers to provide investment advisory services. The third-party managers will be responsible for continuously managing and monitoring client accounts and making trades in client accounts when necessary. As a result of the referral we are paid a "solicitor" fee, which is a portion of the

advisory fee charged and collected by the third-party money managers. Each solicitation arrangement is documented by a written solicitation agreement intended to be in compliance with applicable securities rules and regulations.

Under such a program, we would start by assisting you with identifying your risk tolerance and investment objectives. We then recommend third-party money managers in relation to your stated investment objectives and risk tolerance, and you may select a recommended third-party money manager or model portfolio based upon your needs. You must enter into an agreement directly with the third-party money manager who provides you with asset management services.

We are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party money manager. The third-party money manager will take discretionary authority to determine the securities to be purchased and sold for your account. Epstein and White do not manage or oversee the assets delegated to a third-party money manager, and we do not perform in depth due diligence on these money managers.

The decision to recommend a third-party money manager is based on the individual needs of each client and the portfolios available from each manager that are considered appropriate for the client. Third-party money managers recommended by us are required to be registered or exempt from registration in your home state or the SEC, as applicable. A complete description of the third-party money managers' services, fee schedules and account minimums will be disclosed in the third-party money managers' Form ADV Disclosure Brochure which will be provided to clients by the money manager at the time an agreement for services is executed and an account is established with the third-party money manager. You will also be provided a solicitor's disclosure statement, which describes among other things, any affiliation between Epstein and White Financial and the third-party money manager, and the fees paid to us.

Clients are advised that there may be other third-party money managers not recommended by our firm that are suitable for the client and may be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party money manager recommended by our firm.

**Financial Planning Services** - Epstein and White Financial offers financial planning services, which involve preparing a written financial plan, covering specific or multiple topics. We provide full written financial plans, which typically address the following topics:

- Investment Planning,
- Retirement Planning,
- Insurance Planning,
- Tax Planning,
- Portfolios Review, and
- Asset Allocation.

When providing financial planning services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. Written financial plans prepared by us do not include specific recommendations of individual securities.

Our financial planning services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole

responsibility for determining whether to implement our financial planning recommendations. To the extent that you would like to implement any of our investment recommendations through Epstein and White Financial or retain Epstein and White Financial to actively monitor and manage your investments, you must execute a separate written agreement with Epstein and White Financial for our asset management services.

**Educational Workshops and Seminars** - Epstein and White Financial hosts informational public workshops and seminars that cover general financial and investment topics. Workshops and seminars are hosted by Epstein and White Financial and no fees are charged to attend these workshops.

**Limits Advice to Certain Types of Investments**

Epstein and White Financial provides investment advice on the following types of investments:

- Stocks
- Bonds
- Mutual Funds and Exchange Traded Funds (ETFs)
- Municipal Securities
- US Government Securities
- Alternative Investments

Although we generally provide advice only on the products listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

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

**Wrap Fee Programs**

A wrap-fee program is defined as any advisory program under which a specified fee or fees are not based directly upon transactions in a client's account but is charged for investment advisory services (which usually includes portfolio management and/or advice concerning the selection of other investment advisers) and the execution of client transactions. We do not directly sponsor a wrap-fee program and we do not serve as a portfolio manager in a wrap program. However, some of the advisory programs offered by third-party managers may be wrap-fee programs. Details related to wrap fee programs offered are available upon request from the applicable wrap fee program sponsor.

**Client Assets Managed by Epstein and White Financial**

As of January 21, 2019, Epstein and White Financial was managing \$317,982,194 in assets, all of which is managed on a discretionary basis.

**Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. The exact fees and other terms will be outlined in the agreement between you and Epstein and White Financial.

We believe our fees for investment advisory services are reasonable with respect to the services provided and the fees charged by other investment advisers offering similar services. However, lower fees for comparable service may be available from other sources.



### **Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a monthly calendar basis and calculated based on the average daily balance (including cash and cash equivalents) of your account(s) for the preceding calendar month. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

The asset management services continue in effect until terminated by either party by providing notice of termination to the other party in accordance with the requirements outlined in the investment advisory agreement signed by clients. Any unpaid earned advisory fees will be billed to the client upon termination.

For our services, Epstein and White Financial charges a fixed annual asset management fee that typically ranges between 0.80% - 1.25% of client's assets under management (including cash). The fixed fee will be determined by examining such factors as the aggregate amount of client assets managed, the complexity of client's affairs and/or the anticipated or requested frequency of client interaction, among others. Epstein and White Financial reserves the right to negotiate our fees, and we do have clients with fees that are different than those shown above. In addition, we have in the past, and may in the future, waive fees for employees and certain friends and family of the firm.

Sub-Advisers will also be used from time to time. When Sub-Advisers are used, the Sub-Adviser's fee will be in addition to the Epstein and White Financial fee. However, the combined annual fee of Epstein and White Financial and Sub-Adviser(s) will not exceed 2.9%.

Epstein and White Financial believe that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

In addition to compensation paid to Epstein and White Financial, clients will also incur charges and costs of the investment activity in their Account(s), including but not limited to, charges imposed at the mutual fund level (e.g. advisor fees and other fund expenses), as further described below.

Our primary method for collecting advisory fees (including the portion charged by outside managers) is to have fees deducted from your account and paid directly to our firm or the outside manager by the qualified custodian(s) of your account. On an exception basis, when approved by our firm, you can pay our firm upon receipt of a billing notice sent directly to you. In these situations, we or the outside manager will send you a separate billing notice for the fee.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

In addition to our advisory fees, you will incur certain charges imposed by third parties in connection with investments made through your account. These will include, as applicable, advisory fees charged by third party advisers (unless otherwise noted), custodial fees, transaction costs, retirement plan administration fees, and other fees and taxes. Epstein and White Financial charges an annual platform fee of \$30 per account to clients for its use of Tamarac Trading®. Clients invested in mutual funds and ETFs will be subject to certain fees and expenses, which are imbedded in the price of the mutual fund and ETF. These fees are described in each fund's prospectus, which you should read fully. Mutual funds also charge a distribution/service fee (12b-1fee), and in some cases a front-end load (commission) or deferred

sales or surrender charge. Epstein and White Financial does not receive or share in any of these fees. Advisory fees charged by third party advisers are outlined in their Form ADV, which they will provide and should be read in its entirety.

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

In instances where clients are referred to a third-party manager, the client will pay the third-party manager for services, and we will receive a referral fee from the third-party money manager. The actual fees charged to you will vary depending on the third-party manager used.

The receipt of referral fees creates a conflict in that we and or our representatives have an incentive to make a referral based on our own financial interests. In this case however, the client will receive additional information about the referral arrangement and referral fees paid and will not be obligated to use the manager's services.

Applicable fees are disclosed in the solicitor disclosure statement that you receive and sign at the time the relationship is established. We believe these advisory fees are reasonable with respect to the services provided and the fees charged by other investment advisers offering similar services. However, there may be other third-party managed programs that may be less expensive if you contracted with them directly.

### **Financial Planning Services**

Fees charged for our financial planning services are negotiable based upon the type of client, the services requested and the complexity of the client's situation. The following are the fee arrangements available for financial planning services offered by Epstein and White Financial.

Epstein and White Financial provides financial planning services under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for financial planning services under this arrangement. There is a range in the amount of the fixed fee charged by Epstein and White Financial for financial planning services. The minimum fixed fee is generally \$600, and the maximum fixed fee is generally no more than \$5,000. The amount of the fixed fee for your engagement is specified in your financial planning agreement with Epstein and White Financial. You are required to pay in advance 100% of the fixed fee at the time you execute an agreement with Epstein and White Financial; however, at no time will Epstein and White Financial require payment of more than \$1,200 in fees more than six months in advance.

The fees for the financial planning services may be waived by Epstein and White Financial at our sole discretion.

To the extent Epstein and White Financial provides you with general investment recommendations as part of the financial planning services and you implement such investment recommendations through Epstein and White Financial, we have from time to time in the past waived or reduced the fees for financial planning services paid by a client and reserve the right at our sole discretion to do so for any future client.

The financial planning services terminate thirty (30) days following the delivery of the written financial plan or either you or Epstein and White Financial providing the other party with written notice.

You may terminate the financial planning services within five (5) business days of entering into an agreement with Epstein and White Financial without penalty or fees due. If you terminate the financial planning services after five (5) business days of entering into an agreement, you will be responsible for immediate payment of any financial planning services performed by Epstein and White Financial prior to

the receipt by Epstein and White Financial of your notice. For financial planning services performed by Epstein and White Financial under a fixed fee arrangement, you will pay Epstein and White Financial a pro-rated fixed fee equivalent to the percentage of work completed by Epstein and White Financial as determined by Epstein and White Financial. In the event there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Epstein and White Financial to you.

You should notify Epstein and White Financial within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

All fees paid to Epstein and White Financial for services are separate and distinct from the commissions, fees and expenses associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you will also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to Epstein and White Financial and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

As outlined in Item 10 of this Brochure, certain investment adviser representatives of Epstein and White Financial, including Brad White and David Epstein, are licensed insurance agents with EWRIS and as part of our financial planning and advisory services will recommend insurance products to certain clients.

Please refer to Item 10 below for details regarding this affiliation, including but not limited to the conflicts associated with this activity and ownership and how we address such conflicts.

It should be noted that lower fees for comparable services may be available from other sources.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

#### **Item 7 – Types of Clients**

Epstein and White Financial generally provide investment advice to individuals, high net worth clientele, small businesses and other business entities.

In order to establish a client arrangement with Epstein and White Financial, you are required to execute a written agreement with Epstein and White Financial specifying the particular advisory services.

#### **Minimum Investment Amounts Required**

Currently, Epstein and White Financial requires a minimum of \$10,000 to establish a managed account. Additionally, outside managers may have minimum account and minimum fee requirements to participate in their programs. Additional information about specific outside managers is available upon request.

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

When providing investment management services, investment strategies may be established by Epstein and White Financial or by outside managers to whom management may be delegated.

The firm's general investment strategy, consistent with the tenets of modern portfolio theory, is to attempt to reduce risk and volatility by building diversified portfolios. To implement this strategy, the firm primarily uses fundamental security methods of analysis, as well as market trend and economic cycle analysis. While mutual funds, exchange traded funds, and stocks and bonds are the primary investment vehicles used in, or recommended for client accounts, we may also use or recommend various other investment vehicles in the implementation of our strategies, including long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), trading (securities sold within 30 days), margin and options.

For information regarding investment strategies and methods of analysis used by outside managers, please refer to the applicable manager's ADV Part 2 Disclosure Brochure which is available upon request.

## **Risks of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Additionally, certain trading strategies can affect investment performance through increased brokerage and other transactions. Each client's propensity for risk however is thoroughly evaluated, documented, and considered throughout the portfolio implementation process.

Although we intend to manage risk through the careful selection of investments and outside managers, no investment strategy can assure a profit or avoid a loss. Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk and consequently, the value of the client's account can at any time be worth more or less than the amount invested. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective or that any of our investment strategies will be profitable. Past performance of investments is no guarantee of future results.

Some important investment risks a client should be aware of include, but are not limited to, the following:

*Market Risk:* The price of a stock, bond, mutual fund or other security can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances.

*Equity Risk:* Since certain strategies invest in equity securities, they are subject to the risk that stock prices can fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of each strategy's equity securities can fluctuate significantly from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. As a result, the prices of securities issued by such companies can suffer a decline.

*Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity regardless of the economic environment.

*Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

*Foreign Risk:* Investments in overseas markets (international securities) pose special risks, including currency fluctuation and political risks, and such investments can be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging markets.

*Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

*Political and Legislative Risk:* Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning. This can have a significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.

*Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

*Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product.

Epstein and White Financial does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Additionally, there are risks associated with various insurance products recommended by us and our representatives. Such risks are outlined in required written disclosures provided to you when purchasing an insurance product and should be read in its entirety before any purchase is completed.

## **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

Epstein and White Financial is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, 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/or offshore fund), a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accounting firm, a lawyer or law firm, a pension consultant, a real estate broker or dealer, a sponsor or syndicator of limited partnerships.

### **Insurance Agents and Affiliated Agencies**

EWRIIS (license #0K53785) is 50% owned by "BWFIS") and 50% by DEIS. Brad White owns 100% of BWFIS and David Epstein owns 100% of DEIS.

Certain of our investment adviser representatives are licensed insurance agents, including both Brad White (license #0H26322) and David Epstein (license #0649775) (details of this arrangement are outlined in each representative's Form ADV Part 2B). As part of the financial planning and/or investment advisory services provided through Epstein and White Financial, an investment adviser representative will, depending on the needs of a client, recommend the purchase of certain insurance products, including but

not limited to general disability insurance, life insurance, long-term care insurance, and/or annuities. This creates a conflict of interest since the representative will receive commission as an insurance agent. In addition, when recommending the purchase of such insurance, the investment adviser representative, in his or her role as insurance agent for EWRIS usually suggests such recommendations be implemented through EWRIS. This also creates a conflict of interest since EWRIS is an affiliate of Epstein and White Financial and both Mr. White and Mr. Epstein share in the profit and losses of EWRIS.

However, it is important for clients to know that they are under no obligation to act upon any insurance or annuity recommendations made by us, and if you decide to purchase such insurance, you are free to choose any insurance agency to implement such transactions.

Clients should note that suitable insurance products are available from other sources and you may be able to find comparable insurance products from other sources at a lower cost. In addition, the insurance recommendations made by our investment adviser representatives may be limited to insurance products offered through insurance companies they are appointed with, where other suitable investment products might be available through other insurance companies.

A conflict also exists due to the fact the time spent by Mr. White and Mr. Epstein as owners of BWFIS and DEIS, respectively, and as insurance agents of EWRIS (approximately 5% for each) takes time away from the services they perform for Epstein and White Financial. However, Mr. White and Mr. Epstein will devote as much time to the business and affairs of Epstein and White Financial as is reasonably necessary to run the company and deliver the services outlined in this Form ADV Part 2A. In addition, Epstein and White Financial has adopted policies and procedures to address firm conflicts, which include but are not limited to providing disclosures of such conflicts to clients. As part of our fiduciary duty to our clients, we always endeavor to put the interest of our clients first.

Please refer to the Form ADV Part 2B – Disclosure Brochure Supplement for each investment adviser representative for additional details regarding their outside business activities, including the conflicts surrounding these activities and the steps the firm takes to address the conflicts. Copies can be requested by calling the number on the cover page of this Disclosure Brochure.

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

### **Code of Ethics Summary**

Epstein and White Financial has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The firm's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. The firm will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer.

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

Individuals associated with the firm are permitted to buy or sell securities for their personal accounts identical to or different than those recommended to clients. Although this could create a conflict of interest in that clients may be disadvantaged by such trading, no person employed by the firm is allowed to favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory clients. However, the firm does not invest in securities in which the firm or its employee trading could materially affect the market, so the firm feels the likelihood of clients being disadvantaged is extremely remote.

In order to identify and address potential conflicts of interest, the firm requires that associated persons with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer, who is responsible for reviewing and retaining such records, and enhancing policies should any material conflicts be identified. The firm also requires prior approval from the Chief Compliance Officer for investing in any IPOs or private placements (limited offerings).

## **Item 12 – Brokerage Practices**

### **The Custodian and Brokers We Use**

Epstein and White Financial does not maintain custody of client assets, nor do our outside managers. Instead, we require all client assets be maintained in an account at a non-affiliated “qualified custodian,” generally a broker-dealer or bank. The custodian will hold your assets in a brokerage account and will be able to buy and sell securities on your behalf.

Whether assets are managed by us or an outside manager, we will recommend that you use a particular custodian/broker, but you will ultimately decide whether to do so and will open your account by entering into an account agreement directly with them. We cannot open accounts for you, but we can assist you in opening an account at whatever custodian/broker you decide to use.

### **How We Select Custodians and Brokers**

When recommending a custodian or broker for accounts that we manage, we consider many different factors including quality of service, types of services offered, overall capability, execution quality, competitiveness of transaction costs, availability of investment research, reputation of the firm, and financial resources, among other things. In determining the reasonableness of a broker's compensation, we consider the overall cost to you relative to the benefits you receive, both directly and indirectly, from the broker/custodian.

For accounts managed by our outside managers, similar considerations are given, but please see the applicable outside manager's Form ADV Part 2 Brochure for additional details.

### **Your Brokerage and Custody Costs**

Our clients receive various services directly from our custodians. For our clients' accounts that they maintain, our custodians generally do not charge separately for custody services but instead are compensated by charging commissions or other fees on trades that they execute or trades that are executed by other brokers to and from custodial accounts. Fees applicable to our client accounts are sometimes negotiated based on the condition that our clients collectively maintain a certain level of assets at a particular custodian. We feel this commitment benefits you because we expect the overall rates you pay will be lower than they might be otherwise.

Since custodians often charge clients a fee for each trade that we have executed by a different broker-dealer, we have the primary custodian execute most trades in order to minimize your trading costs.

For information about brokerage and custodial costs of our outside managers, please see the applicable outside manager's Form ADV Part 2 Brochure for additional details.

### **Products and Services Available to Us from Brokers/Custodians**

Our primary custodians provide us and our clients with access to its institutional brokerage services like trading, custody, reporting, and related services, many of which are not typically available to retail

customers. Our custodians also make available various support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Other institutional brokerage services which benefit you directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through our custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Our custodians also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both from custodians/brokers and from third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at a particular custodian. In addition to investment research, our custodians may also make available software and other technology that provide access to client account data, facilitate trade execution for multiple client accounts, provide pricing and other market data, facilitate payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

Our custodians also offer other services intended to help us manage and further develop our business. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from our custodians benefit us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that you maintain your account with a custodian based on our interests rather than yours, which is a potential conflict of interest. We believe, however, that our selection of our custodians and brokers is in the best interests of our clients, and is primarily supported by the scope, quality, and price of services provided and not the custodians' services that benefit only us.

For information about products and services made available to our outside managers by brokers and custodians, please see the applicable outside manager's Form ADV Part 2 Brochure for additional details.

### **Aggregation of Transactions**

Epstein and White Financial will, when deemed in the best interest of clients, place aggregate client trade orders into trading blocks in order to facilitate more efficient account management and execution. When aggregating orders, an average price is given to all participants in the block, in order to treat all accounts fairly. Generally, if the order is only partially filled, we will allocate the shares on a pro-rata basis.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Accounts established and maintained with outside managers are reviewed at least quarterly, usually when statements and/or reports are received from the outside manager. Account reviews will include investment strategy and objectives review and making a change if strategy and/or objectives have changed. Reviews are conducted by Bradley White, David Epstein, Sandra Mapp, Patrick Comer, Kenneth Bobadilla, Schane Goheen, Sean O'Connor, Brian Jellig, John Gutekunst, Eduardo Hernandez, Pat Wynne, and Andre Donascimento with reviews performed in accordance with your investment goals and objectives.



Our financial planning services terminate thirty (30) days following the delivery of the written financial plan. Our financial planning services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. You may also receive periodic performance reports from our firm.

Whether reports by a third-party manager are provided to you will depend upon the third-party manager. Additional details and important information about the business practices of the third-party managers are outlined in their respective Form ADV, which they provide to you when you open an account with them.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by Epstein and White Financial.

You are encouraged to always compare any reports or statements provided by us or outside managers against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

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

Epstein and White Financial does not directly or indirectly compensate any person for client referrals.

Our investment advisor representatives do not receive any sales awards or prizes in connection with providing advisory services to clients. They do however, when acting in their separate capacity as insurance agents, receive commissions and other incentive awards for the recommendation/sale of annuities and other insurance products to clients. While our investment advisor representatives endeavor at all time to put the interest of the clients first as a part of the firm's fiduciary duty, clients should be aware that the receipt of commission and additional compensation itself creates a conflict of interest and may impact the insurance products they select when making recommendations.

Additionally, the firm receives economic benefits from our custodian in the form of the support products and services that are made available to us and to other independent investment advisors. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 above. The availability to us of our custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Additionally, as outlined in Item 4 above, we will from time to time refer clients to one or more third party investment managers. When a client opens an account with a third-party investment manager, we receive a "referral/solicitor fee", which is outlined in the Solicitor's Disclosure document that is provided to the client when they enter into an agreement with the third-party investment manager.

### **Item 15 – Custody**

Under Rule 206(4)-2 of the Advisers Act ("Custody Rule"), Epstein and White Financial is deemed to have constructive (non-physical) custody of client managed account assets because the firm has the authority and ability to debit advisory fees directly from client accounts.

Additionally, certain clients have signed a Standing Letter of Authorization (SLOA) with their custodian, which gives us the authority to transfer managed account assets to a third-party. This authority also deems Epstein and White Financial with constructive custody.

Firms with deemed custody must take the following steps: (1) Ensure clients' managed assets are maintained by a qualified custodian; (2) Have a reasonable belief, after due inquiry that the qualified custodian is delivering an account statement directly to the client at least quarterly; (3) Confirm that account statements from the custodian contain all transactions that took place in the client's managed account during the period covered and reflect the deduction of advisory fees; and (4) Obtain a surprise audit by an independent accountant on the clients' accounts for which the advisory firm is deemed to have custody. However, under the Custody Rule, Epstein and White Financial is exempt from having to obtain a surprise audit on those assets where the firm is deemed with constructive custody as described above, so long as certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

- When debiting fees from client accounts, Epstein and White Financial must receive written authorization from clients permitting advisory fees to be deducted from the client's account.
- In the case of SLOAs, Epstein and White Financial must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to the Firm, and (ii) ensure that certain requirements are being performed by the qualified custodian.

Clients will receive account statements directly from their qualified custodian that holds and maintains their assets on either a monthly or quarterly basis depending on the level of activity in the account. We urge clients to review all custodial statements and compare them to any account statements or reports from Epstein and White Financial and any third-party managers. Please refer to Item 12 for additional important disclosure information relating to our relationships with custodians.

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

When providing asset management services, Epstein and White Financial maintains trading authorization over your Account and can provide management services on a **discretionary** basis. 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 your portfolio without obtaining your consent for each transaction. We may also have the authority to delegate discretionary authority to outside managers.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Epstein and White Financial or to outside managers so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Neither Epstein and White Financial nor any outside manager will exercise any discretionary authority until it has been given authority to do so in writing. Such authority is granted in the written agreement between Epstein and White Financial and the client, in the outside manager agreement if applicable, and in the written agreement with the third-party custodian.

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

Epstein and White Financial's policy and practice is to not vote proxies on behalf of clients. Each client retains the responsibility for receiving and voting all proxies for securities held within the client's account.

Clients will instruct their custodians to send all proxies to them and any proxies inadvertently received by us will be forwarded to the client for handling.

If requested by a client, Epstein and White Financial will provide advice or information about a proxy vote to a client. However, we shall not be deemed to have proxy voting authority solely as a result of providing such advice or information.

Epstein and White Financial also will not advise or act for clients with respect to any legal matters pertaining to the securities held in clients' accounts, including bankruptcies and class action lawsuits.

#### **Item 18 – Financial Information**

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures.

Epstein and White Financial has no financial or operating conditions which trigger such additional reporting requirements.