

Form ADV Part 2A

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Monterey Private Wealth, Inc.



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This brochure provides information about the qualifications and business practices of Monterey Private Wealth, Inc. ("MPW"). If you have any questions about the contents of this brochure, please contact Gary E.D. Alt at (831) 372-3426 and/or via email at gary@montereypw.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 MPW also is available on the SEC's website at www.adviserinfo.sec.gov.

Although MPW may use the term "registered investment adviser" or use the term "registered" through this Form ADV Part 2A, the use of these terms is not intended to imply a certain level of skill or training.

Item 2. Material Changes since Last Update

The U.S. Securities and Exchange Commission ("SEC") issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative "plain English" format. The new final rule specifies mandatory sections and organization and compliance with the Rule becomes mandatory. Filing via IARD must be made within 90 days of the end of each adviser's fiscal year end.

Material Changes since last update:

- Item 4 Advisory Business of Form ADV Part 2A was updated to reflect a change in assets under management as part of the annual amendment. (added April 1, 2013)
- Item 2 Educational Background and Experience of Form ADV Part 2B was updated to reflect a change in status and ownership for Cristofer A. Cabanillas.

Annual Update

The Material Changes section of this brochure will be updated annually and/or when material changes occur since the previous release of MPW's Brochure. A summary of changes is necessary to inform clients of any substantive changes to MPW's policies, practices or conflicts of interests so that they can determine whether to review the brochure in its entirety or to contact MPW with questions about the changes.

Full Brochure Available

Clients, who would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (831) 372-3426.

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Item 4. Advisory Business

Monterey Private Wealth, Inc. ("MPW") is a registered investment advisor with the Securities and Exchange Commission ("SEC") established in 2011 by merging and combining the wealth management experience of Willow Ridge Capital Advisers, Inc. and Petersen & Ramistella, Inc. into one advisory practice. MPW was formed to provide investment advisory services to individuals, families, pension and profit sharing plans, trusts, estates, charitable organizations, and/or small businesses ("Client" or "Clients").

Principal Owners

For the purpose of this section, MPW lists its principal owners as any person directly owning 25% or more of MPW as disclosed on Schedule A of Part 1A as of date of the last update filing.

MPW's principal owners are as follows:

- **Kenneth B. Petersen** is a direct owner and principal of MPW maintaining between 25-50% ownership.

Name: Kenneth B. Petersen, AIFA[®], CFP[®], Principal
Date of Birth: 01/02/1943
Education: Old Dominion University, Norfolk, VA; MBA in Finance (1977)
Naval Post Graduate School, Monterey, CA; MS Ops. Research (1973)
Illinois Institute of Technology; BS Mechanical Engineering (1965)
Background: Monterey Private Wealth, Inc. Partner (07/2011-Present)
Petersen & Ramistella, Inc.; Principal (12/02-06/2011)
Petersen Financial Advisors, Inc.; President (09/86-12/04)
Foothill Securities, Inc.; Registered Principal (11/96-12/02)
Petersen Financial Advisors, Inc.; Principal (09/95-12/04)
Designations: Certified Financial Planner (CFP[®])
Accredited Investment Fiduciary Analyst (AIFA[®])

- **Gary Eugene Douglas Alt** is a direct owner and principal of MPW maintaining between 25-50% ownership.

Name: Gary E.D. Alt, AIF[®], CFP[®], Chief Compliance Officer, Principal
Date of Birth: 05/4/1962
Education: University of Wisconsin-Milwaukee, B.B.A. Finance (1984)
UCLA, Certificate in Financial Planning
Background: Monterey Private Wealth, Inc. Partner (07/2011-Present)
Willow Ridge Capital Advisers; Founder and Director (05/2003-06/2011)
Polycom; General Manager and Vice President (06/1999- 04/2003)
Designations: Certified Financial Planner (CFP[®])
Accredited Investment Fiduciary (AIF[®])

- **Steven C. Merrell** is a direct owner (through the Steven and Jeanne Merrell Family Trust) and principal of MPW maintaining between 25-50% ownership.

Name: Steven C. Merrell, CFP[®], Principal
Date of Birth: 06/21/1962
Education: Brigham Young University, MBA (1986)
Brigham Young University, B.A. Economics (1984)
Background: Monterey Private Wealth, Inc. Partner (07/2011-Present)
Willow Ridge Capital Advisers; Founder and Director (06/2001-06/2011)

Specialized Bicycle Components, Inc. Chief Financial Officer (05/2000- 04/2001)
American Express Financial Advisors, Inc. Vice President and Senior Portfolio
Manager (09/1991-04/2000)

Designations: Certified Financial Planner (CFP®)

MPW is not a publicly held company and no part of MPW is owned by an individual or company through any subsidiaries or "intermediate subsidiaries."

Types of Advisory Services Offered

Investment Management

MPW serves the following clients: 1) families with complex wealth management needs, 2) business owners, and 3) foundations and endowments for charitable organizations. We are not affiliated with any brokerage firm or insurance company, and therefore we do not have any proprietary products that we are required to recommend to clients. Our independence enables us to select the best investments available from any company.

MPW utilizes extensive measures to protect client funds. First, we do not have legal authority to wire the money out of any account, or request a check to be mailed to a third-party address without prior Client authorization. Second, we always open Client accounts through a qualified custodian who calculates and reports the value of Client accounts independent of our reports. This ensures a "check-and-balance" system of verification. Third, the custodians offer the following protection of Client funds:

- SIPC® Protection – Custodians are members of the Securities Investor protection Corporation, with coverage up to \$500,000 for missing securities and \$250,000 cash if the brokerage firm is closed due to bankruptcy.
- Private Insurance – Custodians provide additional protection in excess of \$100 million per Client in the event of brokerage insolvency.
- FDIC Protection – Certificates of Deposit purchased from banks are typically insured against bank failure for up to \$250,000 per depositor, per bank.

Insurance coverage does not protect against loss in market value of securities.

For wealth management clients, MPW provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's needs are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As part of the financial planning process we may also review and discuss a client's investment history, as well as family composition and background.

Once the client's portfolio has been established, we review the portfolio regularly and if necessary, rebalance the portfolio based on the client's individual needs. Investments are selected based on the client's stated investment objectives, tolerance for risk, liquidity and suitability.

We manage these advisory accounts on a discretionary and non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will be reasonably available to consult with the client and maintain client suitability information in each client's file.

For business owners we will consult with them and design a retirement plan that meets their overall objectives for cost, investment options, and special needs. We typically serve as a fiduciary for ERISA plans.

MPW will tailor its advisory services to the specific needs and objectives of each advisory client. Clients may also impose restrictions on investing in certain securities or types of securities. Most of which is generally covered in the client's investment advisory agreement and/or financial planning agreement.

Assets Under Management

As of April 1, 2013, the amount of client assets under advisement is calculated as follows:

Discretionary:	\$222,000,000 (1011 Accounts)
Non-discretionary:	<u>\$ 44,600,000 (228 Accounts)</u>
Total:	\$266,600,000

MPW's method for computing the amount of "*client* assets you manage" is the same method for computing "assets under management." The amount as disclosed above may be rounded to the nearest \$100,000. The date of the calculation above is not more than 90 days before the date MPW last updated its *brochure*.

Financial Planning Services

MPW may offer individual or corporate financial planning services to include financial plans, investment plans, and/or individual consultations regarding a Client's financial affairs. The design and implementation of a financial plan may begin with the process of gathering data regarding income, expenses, taxes, insurance coverage, retirement plans, wills, trusts, investments and/or other relevant information pertaining to a Client's overall financial situation. This information is carefully analyzed taking into account a Client's goals and stated objectives and a series of recommendations and/or alternative strategies will be developed which are designed to achieve optimum overall results.

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives. Typically the financial plan is prepared to guide the investment plan.

In general, the financial plan can address any or all of the following areas:

PERSONAL: We review family records, budgeting, personal liability, estate information and financial goals.

TAX & CASH FLOW: We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.

INVESTMENTS: We analyze investment alternatives and their effect on the client's portfolio.

INSURANCE: We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

RETIREMENT: We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

DEATH & DISABILITY: We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

ESTATE: We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we can coordinate the plan with his/her attorney, accountant, and/or insurance agent. Implementation of financial plan recommendations is entirely at the client's discretion.

Consulting Services

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Wrap Fee Program

MPW does not participate in a wrap fee program at this time.

Investment Newsletter

MPW periodically distributes a free informational newsletter to its clients on a periodic basis containing various wealth related topics.

Item 5. Fees and Compensation

Investment Management Fees

Fees shall be based on a percentage of assets under management or fixed fees, and shall be negotiable and discussed and agreed upon in advance by MPW and Client. Fees for wealth management accounts are deducted from Client accounts at the beginning of each quarter, and at the end of each quarter for most 401(k) and profit sharing accounts. At no time will fees exceed 3% of assets under management. Additionally, fees are not collected for services to be performed more than six (6) months in advance.

Fees based on assets under management are as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee Range</u>
From \$0- \$1,000,000	1.125%
The balance of \$1,000,000 - \$2,000,000	1.000
The balance of \$2,000,000 - \$5,000,000	0.750%
The balance of over \$5,000,000 - \$10,000,000	0.500%
The balance over \$10,000,000	Negotiable

\$5,000 minimum annual fee

Financial Planning Fees

MPW's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. In consideration of financial planning services as provided by

MPW, Client shall agree to pay MPW a flat rate fee (or range), or an hourly fee depending on the type of financial planning services offered. Factors that may affect pricing include whether financial planning services are for an individual or corporation, or if such services are considered comprehensive or segmented (limited), investment plans, and/or individual consultations regarding a Client's financial affairs. All fees are agreed upon prior to entering into a contract with any client. Our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$500 to \$5,000 depending on the specific arrangement reached with the client. In some cases, specialized planning may be completed at cost of \$250 per hour. We require a retainer prior to beginning the planning process and the balance is due upon completion of the plan.

All fees, refund policies, termination provisions and other relevant disclosures as they related to financial planning services are disclosed in a separate agreement, which is given to the Client prior to, or at the time of entering into such agreement. Each Client will receive a copy of Form ADV Part 2, the separate agreement and other relevant disclosure documents as required by law from MPW.

In the event the Client chooses financial planning services, MPW shall not be compensated on the basis of a share of capital gains upon, capital appreciation of the funds, or any portion of the funds of Client except as may be authorized by the appropriate federal or state securities regulatory authority.

Consulting Services Fees

MPW's Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Our Consulting Services fees are calculated and charged on an hourly basis of \$250 per hour. An estimate for the total hours is determined at the start of the advisory relationship.

Fees charged to clients may be higher or lower than the aforementioned fees depending on the nature of any pre-existing relationship, the complexity of the accounts, or terms and conditions of any outstanding or pre-existing verbal or written agreement to which MPW is a party.

Termination of Account

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. However, if services are terminated within (5) business days of executing the Client agreement, services will be terminated without penalty. After the initial (5) business days, the Client may be responsible for payment of fees for the number of days services are provided (including a 30 day period) by MPW prior to receipt of the notice of termination.

MPW's fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the market value of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement. All new accounts adhere to the above fee schedule unless otherwise business conditions warrant adjustment. Legacy accounts may have a different fee schedule which was in effect at the time the original client agreement was signed. Some business retirement accounts must be billed in arrears.

Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period after the 30-day notice.

General Fee Disclosures

Mutual Fund Fees: All fees paid to MPW for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services.

In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

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

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

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

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

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

Neither MPW or any of its *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle). Therefore, there are no conflicts of interest that MPW or its *supervised persons* may face by managing these accounts at the same time, to include any incentive to favor accounts for which MPW or its *supervised persons* receive a *performance-based fee*.

Item 7. Types of Clients

MPW is a registered investment advisor with the Securities and Exchange Commission ("SEC") providing investment advisory services to individuals, families, trusts, estates, charitable organizations, and/or small businesses ("Client" or "Clients").

The fee range for each particular service is subject to negotiation and could vary depending upon various circumstances, including the scope of the services to be provided (the minimum fees and fee ranges for existing clients prior to current calendar year may differ from those indicated). However, MPW may impose certain requirements for opening and/or maintaining an account, such as a minimum account size or minimum fees and fee ranges.

Requirement for Opening Accounts (Minimum Investment Amount)

MPW may impose certain requirements for opening an account such as a minimum investment amount. The minimum investment required by an individual investor client is generally \$1,000,000. Accounts below these minimums may be negotiable and accepted on an individual basis at the firm's discretion. However, MPW may from time to time establish, modify and waive account or investment minimums for

different investment products and/or services. Also please see Fees and Compensation above for further details on investment minimums.

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

Methods of Analysis

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

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. Asset allocation is the most important decision in portfolio construction. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

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

All investments have risks that are borne by the investor and we employ certain risk-management techniques to attempt to reduce those risks. However, as with all investments, clients face investment risks including the following: Financial Risk, Purchasing Power Risk, Reinvestment Rate Risk, Loss of Principal Risk, Interest Rate Risk, Market Risk, Currency Risk, Liquidity Risk.

As with most investment products, because investment portfolios include securities, investing in securities involves risk of loss that you as our client should be prepared to bear.

Use of Significant Investment Strategies

MPW's primary investment strategy is strategic asset allocation. We use institutional-class, low-cost mutual funds, index funds and exchange-traded funds (ETF's). For certain clients with specialized needs we may use structured products, options, private placements, or other specialized products or techniques. Portfolios are constructed to achieve broad diversification to reduce company-specific risk. Specific client needs may dictate the use of individual securities or a modified strategy. We may also recommend non-related third-party investment managers where appropriate for the client. The investment strategy selected for a client portfolio is driven by the client's objectives, risk tolerance, income needs, or tax situation.

MPW does not normally employ a frequent trading strategy for its clients, but if it should it is important to note that such a strategy can have an effect on investment performance, particularly through increased brokerage and other transaction costs and taxes.

Item 9. Disciplinary Information

Disclosure Events

There are no disclosure events involving a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which MPW or its management personnel are involved.

There are no disclosure events involving an administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which MPW or its management personnel are involved.

There are no disclosure events involving A *self-regulatory organization (SRO) proceeding* in which MPW or its management personnel are involved.

Item 10. Other Financial Industry Activities and Affiliations

Broker/Dealer Affiliation

Neither MPW nor any of its *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative.

Neither MPW nor any of its *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Neither MPW nor any of its *management persons* maintain any relationship or arrangement that is material to MPW's advisory business or to MPW's *clients* that MPW or any of its *management persons* have with any *related person* including but not limited to a (1) broker-dealer, municipal securities dealer, or government securities dealer or broker; (2) 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); (3) other investment adviser or financial planner; (4) futures

commission merchant, commodity pool operator, or commodity trading advisor; (5) banking or thrift institution; (6) accountant or accounting firm; (7) lawyer or law firm; (8) insurance company or agency; (9) pension consultant; (10) real estate broker or dealer; and/or (11) sponsor or syndicator of limited partnerships.

Other Investment Advisers

MPW does not recommend or select other investment advisers for its *clients* or receive compensation directly or indirectly from those advisers as a result of such a recommendation or selection by MPW.

Item 11. Code of Ethics, Participation/Interest in *Client* Transactions and Personal Trading

Code of Ethics

MPW adopted the following Code of Ethics in accordance with SEC rule 204A-1 or similar state rules:

- **Fiduciary Responsibility-** MPW and its staff shall exercise the highest standard of care in protecting and promoting the interests of its clients, and will provide a written disclosure containing any conflicts of interest that may compromise their impartiality or independence. As fiduciary, MPW shall not accept any referral fees or compensation that is contingent upon the purchase or sale of any financial product.
- **Integrity-** All professional services shall be rendered with the highest level of integrity.
- **Objectivity-** MPW and its staff shall provide advice that is objective and in the best interest of the client and without conflicts of interest.
- **Competence-** MPW and its staff shall maintain the necessary knowledge and skills to provide our clients with competent advice and services.
- **Fairness-** All professional services shall be performed by MPW and its staff in a manner that is fair and reasonable to its clients.
- **Confidentiality-** MPW and its staff shall maintain and safeguard all confidential client information in accordance with applicable laws.
- **Diligence-** MPW and its staff shall ensure the accuracy and completeness of records, information, and data collected, used and managed, and will take necessary steps to correct any discrepancies.
- **Regulatory Compliance-** MPW and its staff shall comply fully with appropriate laws and internal regulations.

MPW will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Participation/Interest in Client Transactions

MPW and individuals associated with our firm are prohibited from purchasing from or selling to a client account directly from their own account, referred to as “principal transactions.”

MPW and individuals associated with our firm are prohibited from acting as broker directly to both buyer and seller, referred to as “agency cross transactions.”

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

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

MPW may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be *included* in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing MPW's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

No principal or employee of MPW may put his or her own interest above the interest of an advisory client.

No principal or employee of MPE may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee. We have established procedures for the maintenance of all required books and records.

Clients can decline to implement any advice rendered, except in situations where MPW is granted discretionary authority.

All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm. We have established policies requiring the reporting of Code of Ethics violations to our senior management.

Any individual who violates any of the above restrictions may be subject to termination.

Item 12. Brokerage Practices

MPW may recommend/require that Clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc., TDAmeritrade Institutional, or another FINRA-registered broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts, referred to as "custodians." Although MPW may recommend/require that Clients establish accounts at a custodian, it is the client's decision to custody assets with them. MPW is independently owned and operated and not affiliated with any custodian.

Custodians provide MPW with access to institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in client accounts. These services are not contingent upon MPW committing to a custodian any specific amount of business (assets in custody or trading commissions). Brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For MPW client accounts maintained in their custody, custodians generally do not charge separately for custody services but are compensated by account holders through trading commissions and other transaction-related or asset-based fees for securities trades that are executed through them or that settle into accounts.

Custodians also make available to MPW other products and services that benefit MPW but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or a substantial number of MPW accounts.

Custodians' products and services that assist MPW in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of MPW's fees from its clients' accounts; and (v) assist with back-office functions, record keeping and client reporting.

Custodians also offer other services intended to help MPW manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers.

Custodians may make available, arrange and/or pay third-party vendors for the types of services rendered to MPW. They may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to MPW. Custodians may also provide other benefits such as educational events or occasional business entertainment of MPW personnel. In evaluating whether to recommend or require that clients custody their assets at a custodian, MPW may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by them, which may create a potential conflict of interest.

Soft Dollar Benefits

MPW does not receive additional research (either proprietary or non-proprietary) or other products or services, other than client brokerage services, in exchange for recommending a custodian to clients. (otherwise known as "soft dollar benefits").

Aggregation of Client Orders

MPW will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at a lower average share price. MPW will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. MPW's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with MPW, or our firm's order allocation policy.

- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable MPW to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) MPW's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on MPW's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Item 13. Review of Accounts

Investment accounts are managed and reviewed on a continuous basis. Reviews may be conducted quarterly, semi-annually or annually. The topics of these reviews may include investment performance, asset allocation, tax and estate plan reviews, cash flow and income needs, or insurance review.

Overall investment management, market prospects and individual issue prospects may be considered in the review process. Triggering factors that may affect an account review could be any material change in a client's account such as a change in company earnings, industry and/or company outlook as well as general economic factors or other relevant situations, a change in mutual fund manager, mutual fund portfolio statistics, and/or mutual fund performance, that may alter a client's account or a change in a client's financial situation and/or investment goals as stated by the Client.

All account reviews are conducted by the designated investment adviser professional primarily responsible for each account. Generally, the Client retaining financial planning services would not

receive any scheduled reviews or on-going reports, unless specifically requested and retained to provide such services by the Client.

Clients receive transaction confirmation statements and regular account summary statements directly from the custodian of their accounts (e.g., Schwab, mutual fund companies, variable annuity companies and limited partnership sponsors). Asset management clients of MPW receive quarterly reports summarizing the investments and performance.

Item 14. Client Referrals and Other Compensation

Solicitor Arrangements

If a client is introduced to MPW by either an unaffiliated or an affiliated solicitor, MPW may pay that solicitor a referral fee in accordance with the requirements of *Rule 206(4)-3 of the Investment Advisers Act of 1940*, and any corresponding state securities law requirements. The Client will under no circumstances be charged an additional fee for such arrangement. Compensation arrangement will vary with each solicitor. If the Client is introduced to MPW by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship, and shall provide each prospective client with a copy of the Firm's written disclosure statement as set forth in Part 2A/B of Form ADV, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms and conditions of the arrangement including but not limited to the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

Any affiliated solicitor of MPW shall disclose the nature of the relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of MPW's written disclosure statement as set forth in Part 2A/B of Form ADV.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

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

As dictated by the needs of a client, MPW may refer a client to an attorney, accountant or other professional in the process of assisting the client to implement various aspects of their financial plan. As a policy, MPW does not accept referral fees or any other form of compensation from other professionals when a client is referred to them.

Item 15. Custody

MPW does not have actual or constructive custody of Client accounts.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that MPW directly debits advisory fees from client accounts. As part of this billing process, the Client's custodian is advised of the amount of the fee to be deducted from that client's account. On a monthly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, MPW also sends account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Item 16. Investment Discretion

Upon receiving written authorization from a client, MPW may manage client assets on a limited discretionary basis. In this case, Client delegates to MPW limited discretionary trading authorization with respect to the purchase, exchange and sale of securities in addition to the amount of securities to be bought or sold on behalf of the Client. Client may also hereby appoint one or more advisory representatives of MPW as a representative of MPW as agent and attorney in fact to purchase, sell and trade such securities, waivers, consents and other instruments with respect to such securities.

Clients give MPW discretionary authority when they sign a discretionary agreement with MPW, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing MPW with written instructions. They must also sign a limited power of attorney which is submitted to the custodian along with their account application.

Item 17. Voting Client Securities

MPW does not have the authority to vote client proxies and therefore is not required to take action or render advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which assets of the clients account(s) may be invested from time to time. *Clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients may contact MPW directly at (831) 372-3426 if they have any questions regarding a particular solicitation.

Item 18. Financial Information

Pre-Payment of Fees

MPW does not require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance.

Material Impact of Discretionary Authority

MPW may exercise *discretionary authority* over certain *client* funds or securities. However, MPW does not anticipate any financial condition that may be reasonably likely to impair its ability to meet contractual commitments to *clients* at this time.

Custody Disclosure

MPW does not have custody of client funds or securities. Please see Custody section above for further details.

Bankruptcy Disclosure

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

Privacy Policy

Privacy Policy Notice

Your privacy is important to us. Your personal information is kept secure. Under federal and state law, you have a right to know what information is being collected about you and how that information will be used. MPW collects nonpublic personal information about you from the following sources:

- Information MPW receives from you on applications or other forms.
- Information about your transactions with MPW; and
- Information that you specifically have had your other professional advisors forward to MPW.

MPW does not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as directed by you.

- Under law, the information MPW collects is provided to companies that perform support services on our behalf as necessary to effect, administer, or process a transaction, or for maintaining and servicing your account;
- As directed by you, MPW will be working with your other professional advisors and MPW will provide information in our possession that is reasonably requested by the other advisors.

MPW does not give or sell information about you or your accounts to any other company, individual or group. MPW restricts access to nonpublic personal information about you to those employees who need to know that information to provide services to you. MPW maintains physical, administrative, and technical procedural safeguards to protect your nonpublic personal information. You do not need to call or do anything as a result of this notice. It is meant to inform you of how we safeguard your nonpublic personal information.

MPW will notify its Clients in advance if its privacy policy is expected to change. MPW is required by law to deliver this Privacy Notice to its clients annually, in writing.

Form ADV Part 2B: Brochure Supplement

Last Updated: June 11, 2013

Monterey Private Wealth, Inc.



SEC File Number: 801-61605
CRD Number: 114572

Supervised Persons:

Kenneth B. Petersen
Gary E.D. Alt
Steve Merrell
Cristofer Cabanillas

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Monterey, CA 93940
Tel (831) 372-3426
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This brochure supplement provides information about the Supervised Persons listed above that supplement the MPW's brochure. You should have received a copy of that brochure. Please contact Gary E.D. Alt at (831) 372-3426 and/or via email at gary@montereyprivatewealth.com if you did not receive MPW's brochure or if you have any questions about the contents of this supplement.

Additional information about the Firm also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Educational Background and Experience

Minimum Standards

MPW requires certain licensing standards as well as a certain level of business experience for giving investment advice to clients. For example, all advisors must be professionals with relevant industry experience in order to adequately demonstrate a certain level of expertise in securities management and analysis. MPW requires that all investment adviser representatives maintain the minimum licensing qualifications in accordance with all federal, state, and self-regulatory organization (SRO) rules and regulations.

More specifically, each investment adviser representative must meet the following criteria:

- Have at least three years' experience in insurance, investments, accounting, or financial planning;
- Hold the Series 65 Investment Adviser Representative license or its equivalent;
- Hold a certificate in financial planning from an accredited education institution;
- Subscribe to the Code of Ethics of the National Association of Personal Financial Advisers (NAPFA) and the CFP® Board of Standards;
- Be properly licensed for all advisory activities in which they are engaged

List of Supervised Persons

Name: **Kenneth B. Petersen, AIFA®, CFP®, Principal**
Date of Birth: 01/02/1943
Education: Old Dominion University, Norfolk, VA; MBA in Finance (1977)
Naval Post Graduate School, Monterey, CA; MS Ops. Research (1973)
Illinois Institute of Technology; BS Mechanical Engineering (1965)
Background: Monterey Private Wealth, Inc. Partner (07/2011-Present)
Petersen & Ramistella, Inc.; Principal (12/02-06/2011)
Petersen Financial Advisors, Inc.; President (09/86-12/04)
Foothill Securities, Inc.; Registered Principal (11/96-12/02)
Petersen Financial Advisors, Inc.; Principal (09/95-12/04)
Designations: Certified Financial Planner (CFP®)
Accredited Investment Fiduciary Analyst (AIFA®)

Name: **Gary E.D. Alt, AIF®, CFP®, Chief Compliance Officer, Principal**
Date of Birth: 05/4/1962
Education: University of Wisconsin-Milwaukee, B.B.A. Finance (1984)
University of California, Los Angeles, Certificate in Financial Planning
Background: Monterey Private Wealth, Inc. Partner (07/2011-Present)
Willow Ridge Capital Advisors; Founder and Director (05/2003-06/2011)
Polycom; General Manager and Vice President (06/1999- 04/2003)
Designations: Certified Financial Planner (CFP®)
Accredited Investment Fiduciary (AIF®)

Name: **Steven C. Merrell, CFP®, Principal**
Date of Birth: 06/21/1962
Education: Brigham Young University, MBA (1986)
Brigham Young University, B.A. Economics (1984)
Background: Monterey Private Wealth, Inc. Partner (07/2011-Present)
Willow Ridge Capital Advisors; Founder and Director (06/2001-06/2011)
Specialized Bicycle Components, Inc. Chief Financial Officer (05/2000- 04/2001)
American Express Financial Advisors, Inc. Vice President and Senior Portfolio Manager (09/1991-04/2000)

Designations: Certified Financial Planner (CFP®)

Name: **Cristofer A. Cabanillas, CFP®, Principal** (maintains less than 5% ownership)

Date of Birth: 03/11/1977

Education: University of San Diego, CA; B.A. Economics (1999)

Background: Monterey Private Wealth, Inc. Partner (07/2011-Present)s

Petersen & Ramistella, Inc.; Advisory Representative (06/03-06/2011)

La Jolla Institute for Wealth Management; Financial Analyst (11/99-07/03)

SunAmerica Securities; Registered Principal (10/99-10/99)

Galaxie Management; Research & Analysis (01/98-06/99)

Laffer Associates; Research Intern (02/99-06/99)

Designations: Certified Financial Planner (CFP®)

Use of Professional Designations

Certified Financial Planner (CFP®). 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.

Accredited Investment Fiduciary (AIF®). Since October 2002, the Accredited Investment Fiduciary® (AIF®) designation has been the mark of commitment to a standard of investment fiduciary excellence. Those who earn the AIF mark successfully complete a specialized program on investment fiduciary standards of care and subsequently passed a comprehensive examination. AIF designees demonstrate a thorough understanding of fi360's Prudent Practices for investment advisors and stewards.

Accredited Investment Fiduciary Analyst (AIFA®). In response to a need for professional training to perform fiduciary assessments, the Accredited Investment Fiduciary Analyst™ (AIFA®) designation was introduced in May 2006. Holders of the AIFA mark successfully complete a specialized program on investment fiduciary standards of care and ISO assessment procedures, pass a comprehensive examination, and meet the designation's education and professional experience prerequisites. The AIFA designees hold the knowledge necessary to understand and implement a prudent process for Investment Stewards, Investment Advisors, and Investment Managers and can perform fiduciary assessments to verify or certify an entity's conformity to CEFEX's Global Fiduciary Standard of Excellence.

Examination Requirements

Candidates for the AIFA designation will be required to take a 50-question multiple choice exam and will need a passing score of 70% or better.

Program Prerequisites

To become an AIFA, one must have graduated from AIF Training. In addition, candidates must meet certain other educational and/or work experience requirements.

Additional Requirements

Once accredited, AIFA designees have the following obligations:

- They must sign and agree to abide by a Code of Ethics
- They complete appropriate continuing education requirements
- They must submit an accreditation application with \$325 in annual dues

Continuing Education Requirements

AIFA designees are required to complete six hours of continuing education annually by some combination of the following:

- Attending the annual conference
- Attending online CE events produced by the Center (live or archived), included as part of one's annual dues.
- Attending pertinent events produced by sources outside the Center (maximum of 2 hours a year allowed).

Item 3. Disciplinary Information

Criminal or Civil Action

There are no disclosure events involving a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which MPW or its personnel are involved.

Administrative Proceeding (SEC/Federal/State)

There are no disclosure events involving an administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which MPW or its personnel are involved.

Administrative Proceeding (SRO)

There are no disclosure events involving A *self-regulatory organization (SRO) proceeding* in which MPW or its personnel are involved.

Use of BrokerCheck

If this supplement is delivered electronically, and any supervised person under the firm has a disciplinary history, the details of any disclosure may be found on either the Financial Industry Regulatory Authority's (FINRA) BrokerCheck system (www.finra.org/brokercheck) or the IAPD (www.adviserinfo.sec.gov).

There is no other *proceeding* in which a professional attainment, designation, or license of any of the supervised persons as part of this Brochure Supplement was revoked or suspended because of a violation of rules relating to professional conduct, nor were there any incidents where any of the supervised persons as part of this Brochure Supplement resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a *proceeding*.

Item 4. Other Business Activities

Other Related Investment Business

None of MPW's *supervised person(s) listed above* is actively engaged in any *investment-related* business or occupation, including if the *supervised person* is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated *person* of an FCM, CPO, or CTA.

Item 5. Additional Compensation

None of the supervised persons listed above as part of this Brochure Supplement receive any economic benefit (e.g. sales awards or other prizes) as that term is defined, for providing advisory services.

Item 6. Supervision

Gary E.D. Alt is the designated supervisor and CCO for MPW responsible for providing supervisory oversight regarding MPW's advisory business. Mr. Alt's contact information is (831) 372-3426. All supervision is performed on a regular and continuous basis where all transactional activity is reviewed and approved by Mr. Alt as well as a review of ongoing management of investment advice and the issuance of financial plans.