

Firm Brochure
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of CWM Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at: (301) 840-1188, or by email at: jdp@cwmfinancial.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 CWM Financial Group, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

March 5, 2012

ITEM 2-MATERIAL CHANGES

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update on March 15, 2011

CWM Financial Group, Inc. no longer offers or sponsors the CWM Asset Management Program, a wrap fee program in which CWM paid transaction fees as charged by the client's account custodian. The client now pays all transaction fees associated with Investment Management Services accounts.

CWM Financial Group, Inc. utilizes the services of an independent third party investment advisor, Pinnacle Advisor Solutions (a division of Pinnacle Advisory Group, Inc.), to establish asset allocation models for clients. CWM Financial Group, Inc. manages client portfolios in accordance with these asset allocation models with discretionary authority based on a client investment policy statement.

CWM Financial Group, Inc. utilizes the services of an independent third party provider, FocusPoint Solutions, to facilitate trading and performance reporting for client portfolios.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (301) 840-1188 or by email at: jdp@cwmfinancial.com.

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ITEM 4-ADVISORY BUSINESS

Firm Description

CWM Financial Group, Inc., (hereinafter, also “CWM” or “Advisor”) was founded in 1998.

CWM Financial Group, Inc. is a fee-only firm that offers Investment Management Services, Financial Planning Services and General Consultation Services to individuals, families, retirement plans, trusts, estates, charitable organizations and business entities.

Education and Business Standards:

CWM Financial Group, Inc requires that affiliated advisors have a bachelor’s degree and further coursework and experience demonstrating knowledge of financial planning and investment management.

In addition, advisors will have, or be working toward, one of the following certifications: Certified Financial Planner (CFP®), Chartered Financial Analyst (CFA), Certified Public Accountant (CPA), or Personal Financial Specialist (PFS).

Principal Owner

John D. Peterson, CFP® is a 100% share owner.

Types of Advisory Services

CWM provides investment advisory services, also known as Investment Management Services; manages investment accounts not involving investment supervisory services; and furnishes investment advice through consultations. CWM also furnishes advice to clients on matters not involving securities through Financial Planning Services and General Consultation Services.

Investment Management Services

CWM offers on-going Investment Management Services and these services are dependent upon the financial planning objectives of each client. Investment advice and strategies are determined after the client’s personal and financial information is reviewed.

CWM Investment Management Services include the following services when managed with asset allocation models provided by Pinnacle Advisor Solutions (hereinafter, also “Pinnacle”):

- Establish an Investment Policy Statement (IPS) outlining expectations for portfolio rate of return objectives, portfolio risk/volatility, liquidity needs and time horizon.
- Select the asset allocation model/investment strategy for the IPS that is consistent with the client's rate of return objectives, risk tolerance, liquidity needs, time horizon and financial planning objectives.
- Coordinate the implementation of the selected investment strategy with Pinnacle.
- Manage the portfolio on a discretionary basis to include securities such as cash equivalent vehicles, mutual funds, exchange traded funds and individual bonds. The five current models with varying risk and return characteristics include the following: Dynamic Conservative, Dynamic Conservative Growth, Dynamic Moderate Growth, Dynamic Appreciation and Dynamic Ultra Appreciation.
- Implement on-going portfolio trading, maintenance and re-balancing through FocusPoint Solutions (hereinafter, also "FocusPoint") to maintain consistency with Pinnacle models.
- Monitor the performance of all selected investment assets and the overall client portfolio. Provide quarterly performance reports to the client.

Nearly all current CWM clients and all new CWM clients will have their portfolios invested within the Pinnacle models with an Investment Policy Statement.

Individual stocks and other investment vehicles may be also included in client portfolios primarily when inherited with the client account at initial implementation. These inherited assets are either liquidated and replaced depending on taxable consequences, or retained and managed based on the client's request and planning objectives.

It should be noted that from time to time CWM may implement accommodation accounts outside of the selected IPS portfolio and asset allocation model on a limited basis to address special client needs including cash management and withdrawal planning or custodial services for an individual stock. These accommodation accounts will not be subject to the CWM Investment Management Services fee and the Pinnacle fee listed in the Fees and Compensation sections below. These accommodation accounts will be subject to the FocusPoint fee. CWM will document all such accounts.

CWM also offers investment management programs to existing CWM clients through unaffiliated third party investment management firms such as Lockwood Advisors, Inc. on a limited basis. These firms typically have specialized expertise in areas such as managed portfolios of institutional separate account managers. Engaging the services of this type of

unaffiliated investment management firm requires the client to enter into a separate, additional agreement with the designated investment management firm which sets forth the terms of the engagement and fees, including custodian transaction fees. CWM maintains its role as the primary investment advisor to the client.

CWM periodically reviews each client's financial situation and portfolio. Direct client meetings are offered at least twice per year unless not feasible geographically. Investment Management Services clients are required to maintain contact with CWM. Clients are responsible for promptly notifying CWM of any changes in their personal situation and financial condition that may alter their goals and objectives and thus the investment advice provided.

CWM does not custody client assets or securities. CWM generally recommends that TD Ameritrade Institutional Services serve as custodian for investment assets. Please refer to the Brokerage Practices section for more information.

CWM's investment management fees are explained in the Fees and Compensation section. Investment Management Services to clients are available on a discretionary and non-discretionary basis. As of December 15th, 2011, CWM manages approximately \$36,623,831 in assets for approximately 52 clients. Please refer to the Investment Discretion section of this brochure for more information.

Financial Planning Services

CWM is available to provide Financial Planning Services. These Financial Planning Services can be comprehensive in nature or can focus only on a specific financial planning area. Where the services provided are not comprehensive in nature and the project and the advice is limited in scope, CWM cannot consider the implications of the services to the client's total financial plan. The scope of the advice and services to be provided is dependent upon the client and agreed upon at the time of engagement. CWM can provide financial planning assistance and advice in the following areas:

- Cash Management
- Tax Planning
- Risk Management and Insurance
- Education Funding and Retirement Planning
- Estate and Charitable Planning
- Investment Planning

Preparation of a financial plan will include data gathering in the specified planning areas, review and analysis of the data, and presentation of a written plan with recommendations as they relate to the client's stated goals and objectives. CWM may also prepare and

present financial projections as they relate to the client's income tax and estate tax liability. However, CWM does not prepare tax returns or estate planning documents. The client is responsible for selecting tax preparers and estate planning attorneys as required to implement recommendations. If specified within the financial planning engagement, CWM may coordinate the implementation of financial planning recommendations with the client's tax preparer and estate planning attorney.

The Financial Planning Services engagement may be the only service provided to the client and does not require that the client employ Investment Management Services as offered by the Advisor.

General Consultation Services

General Consultation Services are provided on a limited, time-available basis by CWM. Examples of General Consultative Services include a single, one-time discussion regarding 401k plan allocations, retirement plan selection for self-employed individuals, mortgage qualification and selection, or 529 education plans.

General Consultation Services are not ongoing in nature and thus terminate upon delivery of the agreed upon services. CWM provides these services in either verbal or written form as determined by CWM.

Wrap Program

The Adviser does not sponsor or provide investment management services to a wrap program.

ITEM 5-FEES AND COMPENSATION

Description

The scope of advisory services and fee is provided to the client in writing prior to the start of the relationship. A Client Agreement sets forth the services to be provided, the fees for the service(s). The agreement may be terminated by either party in writing at any time.

CWM bases its fees on a percentage of assets under management, hourly charges and fixed fees (not including subscription fees). Although the Client Agreement is an ongoing agreement and adjustments are often required, the length of service to the client is at the client's discretion.

CWM or its associated persons may receive compensation for financial planning services, consultation services and investment management services. CWM does not make any representation that these products and services are offered at the lowest available cost and the client may be able to obtain the same products or services at a lower cost from other providers. However, the client is under no obligation to accept any of the recommendations of the Advisor or use the services of the Advisor in particular.

Investment Management Services

CWM Investment Management Services fees, as outlined below, represent annual investment management fees billed quarterly and in advance of services. Modification of fees is at the discretion of CWM and may increase or reduce the fee depending upon the complexity of services or the portfolio, additional efforts, or pre-existing relationships. If a client engages services at any time other than the beginning of a calendar quarter, the investment management fees are prorated.

CWM's Investment Management Services fees are as follows and are negotiable:

| <u>Portfolio Size:</u> | <u>Annual Percentage Fee:</u> |
|------------------------|-------------------------------|
| First \$500,000 | 0.85% |
| Next \$1,500,000 | 0.55% |
| Next \$3,000,000 | 0.40% |
| Over \$5,000,000 | 0.30% |

Fees for the following third party providers are also borne by the client and are not negotiable:

| | |
|----------------------------|-------|
| Pinnacle Advisor Solutions | 0.45% |
| FocusPoint Solutions | 0.20% |

Clients are responsible for securities transactions fees from account custodians. Transactional fees are determined at the time of engagement and are subject to modification at any time with 30 days written notice. All investment management fees paid to CWM for advisory services are separate from the fees and expenses charged to shareholders of mutual funds and exchange traded funds. These expenses are explained within the fund prospectuses.

CWM may provide an accommodation account that is excluded from the CWM investment management fee calculation and Pinnacle Advisor Solutions management fee. An accommodation account is typically used to hold a single security for specified planning

goals or to provide the client with a designated account composed primarily of cash equivalents for withdrawal planning purposes. This type of account will be subject to the FocusPoint Solutions management fee, custodial transaction fees and fund expenses.

Payment of transactional and custodial fees for client accounts managed through an unaffiliated third party investment management firm such as Lockwood Advisors, Inc. are determined within a separate agreement with Lockwood Advisors, Inc.

The minimum portfolio size accepted by John D. Peterson, CFP®, Principal of CWM Financial Group, Inc., is \$500,000. Other Advisory Representatives of CWM Financial Group may provide Investment Management Services for portfolios with a minimum size of \$100,000. In either case, these minimums may be lowered based upon the complexity of the portfolio, additional efforts, or pre-existing relationships.

Payment of management fees are typically made through a debit directly to the client's account(s) by the qualified custodian holding the client's funds and securities. The fee deducted each quarter is based on the percentage fee schedule and the market value of the account(s) at the end of the quarter. The client can determine whether the fee is applied to a single account or pro-rated across multiple accounts. The fee will typically be pro-rated across all managed accounts. At CWM's discretion, investment management fees may instead be billed directly to the client by mail with payment due within 10 days of the invoice date.

An advisory client will have a period of five (5) business days from the date of signing the investment advisory agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the investment advisory agreement with 20 days written notice.

Upon termination, fees will be prorated to the date of termination and the unearned portion of the fee will be refunded to the client.

Where CWM is providing services in qualified plan situations where the client wishes to pay advisory fees as a deductible business expense, IRS regulations require the client to pay the fee separately via a direct billing and not have the advisory fee deducted from the plan assets.

Clients should be aware that they may incur other fees to unaffiliated third parties such as retirement plan administrative fees, deferred sales charges on mutual funds initially deposited into the account, 12b1 distribution fees and other mutual fund fees as described in the Prospectus of each fund. The client will bear charges and the fees/charges of other programs which may involve investments in mutual funds and these fees may also apply to

programs that maintain cash balances in money market funds. CWM does not receive any portion of transaction or administrative fees.

Financial Planning Services

The fees for Financial Planning Services are not based on the client's net worth or investments, but instead are based solely upon the complexity of services and are determined at the discretion of CWM. Financial Planning fees are based upon the Advisor's hourly fee scale of \$75 - \$250 per hour and agreed upon at the time of engagement. A financial planning engagement may be billed on an hourly basis or project basis.

Typically CWM will quote a fixed project fee that will take into consideration the hours required, complexity of the analysis or advice, and any other issues CWM may consider. The project fee is determined and agreed upon at the time of engagement. Fixed fees generally range from \$75-\$5,000. Fees are due and made payable to CWM Financial Group, Inc. upon the delivery of the agreed upon services. CWM may require a retainer equal to 1/2 of the project fee to schedule the project. In such cases, the project balance would be due upon the completion of the agreed upon services.

A financial planning client will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees.

Thereafter, the client may terminate the agreement by providing CWM with written notice prior to delivery of the plan or completion of the service. Upon termination, fees will be prorated to the date of termination and the unearned portion of the fee will be refunded to the client.

If the client's financial and/or investment circumstances should change during the project such that additional review, analysis and advice are required, additional fees may apply. In this case, CWM will notify the client of additional fees needed to complete the project.

The Financial Planning Services terminate upon delivery of the formal written financial plan and no on-going reviews are performed unless (1) the client engages CWM Financial Group for Investment Management Services, or (2) the client secures ongoing General Consultation Services.

Clients that engage in Investment Management Services with a minimum portfolio size of \$1,000,000 will generally receive Financial Planning Services, as they request of CWM, as part of the on-going Investment Management Services fee. Clients that engage in Consultation Services will receive assistance billed separately on an hourly basis.

The Financial Planning Services engagement may be the only service provided to the client and does not require that the client employ Investment Management Services as offered by the Advisor.

General Consultation Services

CWM also offers General Consultation Services on an hourly billing arrangement on a limited, time available basis. General Consultation Services can focus on any issues of interest to the client and within the expertise of CWM. These services are offered outside of CWM's Financial Planning Services and Investment Management Services. CWM's hourly fees range from \$75 to \$250 per hour depending upon the complexity of services, whether there is a pre-existing relationship, or other factors at the discretion of CWM.

Consultation Services and fees are agreed upon at the time of engagement. Consultation Services are not on-going in nature and thus terminate upon delivery of the agreed upon services.

A General Consultation Services client will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing CWM with written notice prior to delivery of the plan or completion of the service. Since fees are payable after services are performed, there are no unearned fees and the client is not due a refund upon early termination.

CWM offers several advisory services detailed in this brochure that compensate CWM differently depending on the service selected. There is a conflict of interest for CWM and its associated personnel to recommend the services that offer a higher level of compensation to the Firm through either higher management fees or reduced administrative expenses. CWM mitigates this conflict through review of client services selected relative to the client's personal financial situation and stated advisory needs to ensure that the recommended CWM service is appropriate. Further, CWM is committed to its obligation to ensure associated persons adhere to the Firm's Code of Ethics and to ensure that the Firm and its associated persons fulfill their fiduciary duty to clients.

If required, CWM may also consult outside unaffiliated consultants including, but not limited to, attorneys, actuaries, accountants, stock options experts, pension specialists and insurance agents. Any costs associated with these consultations are born solely by CWM unless other arrangements are made, in writing, with the client in advance.

ITEM 6-PERFORMANCE-BASED FEES

Investment management fees are not based on a share of the capital gains or capital appreciation of managed securities. CWM does not use a performance-based fee structure.

ITEM 7-TYPES OF CLIENTS

Description

CWM generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, and corporations or business entities. Client relationships vary in scope and length of service.

Account Minimums

CWM requests a minimum portfolio size for its Investment Management Services. The portfolio minimum for John D. Peterson, CFP® is \$500,000 and for other Advisory Representatives it is \$100,000. CWM reserves the right to waive the minimum relationship size, depending upon the ability to meet the minimum within a reasonable time period, a pre-existing relationship, for family or friend accounts, or other identified special circumstances, at the discretion of CWM.

Additionally, please refer to Item 5 contained herein for other account minimums.

ITEM 8-METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

Portfolios managed with asset allocation models provided by Pinnacle Advisor Solutions are based on a three-part review process that includes analysis of the following:

- Evaluation of the traditional valuation metrics such as price to earnings (P/E), price to sales (P/S) and price to book (P/B).
- A quantitative model to perform portfolio optimization scenarios for valuation assessment.
- Market cycle analysis to determine whether the economy is expanding or contracting to help adjust allocations to specific sectors and asset classes that either outperform or underperform in certain market environments.

Investment Strategies

All portfolios are designed to be globally diversified across multiple asset classes. Asset allocations are driven by a core philosophy of finding value opportunities in all market

environments. Cycle analysis, fundamental valuation analysis and technical analysis are employed to determine a perspective on market direction in the short and long term.

Investment opportunities are then analyzed to provide a base case forecast for each model in a diversified manner. Mutual funds, exchange traded funds and individual fixed income securities are the primary securities implemented to create a globally diversified portfolio that attempts to meet rate of return and risk targets for each model portfolio.

Primary asset classes used in client portfolios include equities across multiple sectors, fixed income, alternatives and cash equivalents.

Risk of Loss

All investment programs have certain risks that clients should be prepared to bear. Investment markets experience varying degrees of volatility and client portfolios will fluctuate and may be worth more or less than the amount invested at any given time.

Asset class diversification and value investing strategies are implemented in portfolios to provide risk management benefits. Portfolio asset allocations are changed tactically to reflect views on market value on an on-going basis.

The identification of undervalued securities is difficult and there are no assurances that value opportunities will be successfully recognized.

There is general stock market risk with the potential that stock prices will decline substantially. Stock markets tend to move in cycles of rising and falling periods for prices.

There is sector risk where significant problems may affect a particular market sector. The portfolio includes sector exchange traded funds which may be more volatile than the overall stock market. Diversification across multiple sectors tends to lower the overall risk of holding sector funds.

Fixed income allocations are subject to credit risk as represented by the financial viability of debt issuers and the market's perception of those issuers. Interest rate risk can greatly impair returns of bonds especially in rising interest rate environments.

To help manage the risks associated with investing, clients should invest assets with longer time horizons especially when equity allocations are included - preferably at least ten years.

ITEM 9-DISCIPLINARY INFORMATION

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

ITEM 10-OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Affiliations

CWM coordinates client planning services with unaffiliated attorneys and tax preparers. CWM does not receive additional compensation or referral fees from other professionals based on these relationships.

CWM does not hold insurance licenses for the purchase of life, disability, long-term care, and health insurance. Should financial planning or general consultation services clients need to purchase insurance in order to meet a planning recommendation, CWM can facilitate the process through referral to an insurance agent. CWM receives no additional compensation or referral fees for this service.

Clients are never under any obligation to purchase the products or utilize the services of these other professional advisors or organizations that may be recommended.

ITEM 11-CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

CWM has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that CWM's supervised personnel comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to CWM's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to CWM's Compliance Officer. Each supervised person of CWM receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of CWM's Code of Ethics by contacting the Compliance Officer of CWM.

Participation or Interest in Client Transactions

Under CWM's Code of Ethics, CWM and its managers, members, officers and employees may invest personally in securities of the same classes as are purchased for clients and may

own securities of the issuers whose securities are subsequently purchased for clients. If an issue is purchased or sold for clients and any of CWM, managers, members, officers and employees on the same day purchase or sell the same security, either the clients and CWM, managers, members, officers or employees shall receive or pay the same price or the clients shall receive a more favorable price. CWM and its managers, members, officers and employees may also buy or sell specific securities for their own accounts based on personal investment considerations, which CWM does not deem appropriate to buy or sell for clients.

Personal Trading

The Chief Compliance Officer of CWM is John D. Peterson, CFP®. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

ITEM 12-BROKERAGE PRACTICES

Brokerage Firm Selection

CWM does not have the authority over the selection of the broker-dealer to be used and the commission rates to be paid without obtaining specific client consent. However, CWM may recommend brokerage firms as qualified custodians and for trade execution.

CWM prefers TD Ameritrade Institutional Services as brokerage firm/custodian of client accounts based on their overall brokerage platform offering, level of service, and trade execution capabilities. The Adviser does not recommend or require that a client direct the Adviser to execute transaction(s) through a specified broker-dealer. CWM is also able to create efficiencies in operations relating to client account management and data reconciliation for client performance reporting when utilizing TD Ameritrade versus utilizing multiple custodians. They offer competitive rates for client transactions. It is possible, however, that the client may pay higher transaction fees by utilizing the preferred firm, TD Ameritrade Institutional Services.

Best Execution and Soft Dollars

In selecting/recommending brokers or dealers to execute transactions, the Advisor will seek to achieve the best execution possible but this does not require it to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The Advisor is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (i.e., "soft dollars") provided by the broker which are included in the commission rate. CWM has no written or verbal agreements whereby it receives soft dollars.

Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistical and pricing services, as well as discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process.

It is the policy and practice of CWM to strive for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. Nevertheless, it is understood that CWM may pay compensation on a transaction in excess of the amount of compensation that another broker or dealer may charge so long as it is in compliance with Section 28(e), and CWM makes no warranty or representation regarding compensation paid on transactions. In negotiating mark-ups or mark-downs, CWM will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers, although the client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided. CWM has no obligation to deal with any broker or group of brokers in executing transactions in portfolio securities.

Order Aggregation

Order aggregation allows an advisor to place a single purchase or sell order for the same security for many accounts, even though each client account is individually managed. Order aggregation may reduce transaction costs for clients since all clients share the transaction costs for the single aggregated order on a pro-rata basis. CWM may aggregate orders but is not obligated to aggregate orders.

If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will receive the average price paid for the block of securities in the same aggregated transaction for the day. If the Advisor is unable to fill an aggregated transaction completely, but receives a partial fill of the aggregated transaction, the Advisor will allocate the filled portion of the transaction to clients based on an equitable rotational system as follows:

- The Advisor must ensure that adequate and full disclosure of its allocation and bunching practices has been made prior to the transaction.

- All clients/investors, accounts or funds participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis.
- Aggregate transactions must not be executed unless the intended and resultant aggregation is consistent with its duty to seek best execution and any terms found in the Advisor's written agreements.
- Aggregated orders filled in their entirety shall be allocated among clients/investors, accounts or funds in accordance with an allocation statement created prior to the execution of the transaction(s); partially filled orders shall be allocated pro-rata based on the allocation statement and the variance from the modeled allocation of a security. Where this method prescribes an odd-lot that is less than 100 shares for an account, the allocation will be rounded up to a whole lot. Client/investor funds held collectively for the purpose of completing the transaction may not be held in this commingled manner for any longer than is practical to settle the transaction.
- Each client/investor, account or fund that participates in an aggregated order will participate at the average share price for all the Advisor's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client/investor's, account's or fund's participation in the transaction.
- Investments resulting from any aggregated order must be consistent with the specific investment objective(s) of each client/investor, account or fund as detailed in any written agreements. No additional compensation shall result from the proposed allocation. No Client/investor, account or fund will be favored over any other Client/investor, account or fund as a result of the allocation.
- Pre-allocation statement(s) specifying the participating Client/investor accounts and the proposed method to allocate the order among the clients/investors, accounts or funds are required prior to any allocated order. Basis for establishing pre-allocations may include pro-rata of account assets to assets for the specific strategy, executing broker and variance from modeled position holding as factors. Should the actual allocation differ from the allocation statement, such trade may only be settled with the approval of the CCO or another appropriately qualified and authorized principal of the Advisor.

Directing Brokerage for Client Referrals

The Adviser and its associated persons do not receive client referrals from broker dealers or third parties as consideration for selecting or recommending brokers for client accounts.

Directing Brokerage

The Adviser allows clients to direct brokerage but the Adviser does not require clients to direct brokerage. In the event that a client directs the Adviser to use a particular broker or dealer, the Adviser may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct the Adviser to use a particular broker or dealer and other clients who do not direct Advisor to use a particular broker or dealer which may result in higher trading expenses to the client who directs brokerage. The Adviser may place orders for transactions in certain securities initially only for those accounts which are held in custody at banks or at brokerage firms that permit the Adviser to place trades for accounts held in custody at that firm with other brokerage firms. Therefore, accounts held in custody at firms which do not permit the Adviser to place transactions with other brokerage firms may not be able to participate in the initial transaction and may not be able to participate in the same gains or losses as other Clients whose accounts are not so restricted. In cases where trading or investment restrictions are placed on a Client's account, the Adviser may be precluded from aggregating that Client's transaction with other accounts which may result in less favorable security prices and/or higher transaction costs.

ITEM 13-REVIEW OF ACCOUNTS

Periodic Reviews

Accounts reviews for Investment Management Services clients are performed at least quarterly by John D. Peterson, CFP®, Principal. He reviews the client's current positions and evaluates the client portfolio for continuing consistency with the client's investment objectives, diversified portfolio design and financial planning goals.

Review Triggers

Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's financial or personal situation.

Regular Reports

CWM will prepare written portfolio performance reports for Investment Management Services clients on a quarterly basis. These reports include the following: Current allocation of investments among asset classes for all accounts; Current market valuations for each investment in all accounts; Year-to-date performance for each investment and year-to-date performance for each account and the overall portfolio.

Clients will also receive standard custodial statements not less than quarterly at their address of record from their selected custodian(s) reflecting current positions and transactions.

ITEM 14-CLIENT REFERRALS AND OTHER COMPENSATION

Incoming Client Referrals

CWM may from time to time receive client referrals from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

ITEM 15-CUSTODY

Custody Policy

CWM does not accept or permit the Firm or its associated persons to obtain custody of client assets including cash and securities, to act as a trustee, to provide bill paying services, or to have password access to control account activity or any other form of controlling client assets.

All checks or wire transfers to fund client accounts are made out to/sent to the account custodian.

Account Statements

All assets are held at qualified custodians and the custodians provide account statements not less than quarterly to clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

Performance Reports

Pursuant to recent amendments to Rule 206(4) under the Investment Advisers Act of 1940, the Securities and Exchange Commission now requires advisors to urge clients to compare the information set forth in their performance report from CWM with the statements received directly from the custodian to ensure accuracy of all account transactions.

ITEM 16-INVESTMENT DISCRETION

Discretionary Authority for Trading

The CWM Investment Management Services agreement authorizes CWM to have discretionary authority to transact securities accounts on behalf of the client.

Discretionary authority allows CWM to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The firm's discretionary authority regarding investments may however be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the Client on transactions in certain types of businesses or industries. All such restrictions are to be agreed upon in writing at the account's inception.

As of December 15, 2011 all of CWM's client accounts include non-discretionary authority where CWM consults with the client prior to each trade in order to obtain client approval for the transaction(s).

Limited Power of Attorney

The client will need to provide limited power of attorney with authorization for the deduction of Advisor investment management fees directly from client custodial accounts as specified in the Fees and Compensation section of this brochure. The management fee will be listed on the custodian's monthly statement as provided to the client and should be reviewed by the client for accuracy.

A limited power of attorney also authorizes CWM and FocusPoint to transact securities transactions on behalf of the client within their custodial accounts with prior client approval for non-discretionary accounts and without prior client approval for discretionary accounts.

ITEM 17-VOTING CLIENT SECURITIES

Proxy Votes

CWM will not vote nor advise clients how to vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. CWM does not give any advice or take any action with respect to the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. CWM promptly passes along any proxy voting information to the clients or their representatives.

ITEM 18-FINANCIAL INFORMATION

Financial Condition

CWM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. CWM meets all net capital requirements that it is subject to and CWM has not been the subject of a bankruptcy petition in the last 10 years.

CWM is not required to provide a balance sheet as it does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

ITEM 19-STAE REGISTERED INVESTMENT ADVISER INFORMATION

Principals, Officers and Management

John Peterson is the Principal of the Adviser.

For the above named principals, officers and management personnel's formal education, business background, please refer to ADV Part 2B

Other Business

The Adviser does not currently have any other financial industry affiliations at this time.

Performance Fees

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Management/Officer/Principal Disclosures

No member of management, an officer or a principal of the Adviser has been involved in an award or otherwise found liable in an arbitration claim alleging damages in excess of \$2500 in an activity involving investment or investment related activity; fraud, false statements or omissions; theft, embezzlement or other wrongful taking of property; bribery, forgery, counterfeiting or extortion; dishonest, unfair or unethical practices.

Further, no member of management, an officer or a principal of the Adviser has been found liable in a civil, self-regulatory organization or administrative proceeding involving investment or investment related activity; fraud, false statements or omissions; theft, embezzlement or other wrongful taking of property; bribery, forgery, counterfeiting or extortion; dishonest, unfair or unethical practices.

Relationship with Issuer of Securities Disclosure

The Adviser does not at this time have a relationship or arrangement with any issuer of securities

BUSINESS CONTINUITY PLAN

General

CWM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. A summary of the business continuity plan is available upon request from CWM's Chief Compliance Officer

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is CWM's intention to contact all clients within five days of a disaster that dictates moving CWM's office to an alternate location.

INFORMATION SECURITY PROGRAM

Information Security

CWM maintains an information security program to reduce the risk that client personal and confidential information may be breached. Selected account custodians are expected to and have implemented security programs also.

Privacy Notice

Below is a summary of CWM's Privacy Policy regarding client personal information.

CWM Financial Group, Inc.:

Collects non-public personal information about its clients from the following sources:

- Information received from clients on applications or other forms;
- Information about clients' transactions with CWM, its affiliates and others;
- Information received from our correspondent clearing broker with respect to client accounts;
- Information received from service bureaus or other third parties.

Will not share such information with any affiliated or nonaffiliated third party except:

- When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;
- When required to maintain or service a client account;
- To resolve client disputes or inquiries;
- With persons acting in a fiduciary or representative capacity on behalf of the client;
- With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm;
- In connection with a sale or merger of CWM's business;
- To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
- To comply with federal, state or local laws, rules and other applicable legal requirements;
- In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
- In any circumstances with the client's instruction or consent.

Restricts access to confidential client information to individuals who are authorized to have access to confidential client information and need to know that information to provide services to clients.

Maintains physical, electronic and procedural security measures that comply with applicable state and federal regulations to safeguard confidential client information.

Firm Brochure Supplement
(Part 2B of Form ADV)

CWM Financial Group, Inc.
953 Russell Avenue, Suite D
Gaithersburg, MD 20879
Phone
(301) 840-1188

Fax

(240) 465-0686

Email

jdp@cwmfinancial.com

This brochure supplement provides information about principals and advisor representatives of CWM Financial Group, Inc. and supplements the Firm Brochure (Part 2A of Form ADV). You should have received a copy of the Firm Brochure. Please contact CWM Financial Group, Inc. at (301) 840-1188 if you need a copy of the CWM Financial Group, Inc. Firm Brochure or you have questions about this supplement.

Additional information about principals and advisor representatives of CWM Financial Group, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

December 15, 2011

FORM ADV Part 2B

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education and Business Standards:

CWM Financial Group, Inc requires that affiliated advisors have a bachelor's degree and further coursework and experience demonstrating knowledge of financial planning and investment management.

Professional Certifications:

In addition, advisors will have, or be working toward, one of the following certifications: Certified Financial Planner (CFP®), Chartered Financial Analyst (CFA), Certified Public Accountant (CPA), or Personal Financial Specialist (PFS).

John D. Peterson, CFP®

Principal and Chief Compliance Officer

CWM Financial Group, Inc.

953-D Russell Avenue

Gaithersburg, MD 20879

Phone: 301-840-1188

E-Mail: jdp@cwmfinancial.com

Year of Birth: 1960

John D. Peterson Educational Background and Professional Designations:

University of Maryland, College Park MD, B.S. Finance (1982)

Certified Financial Planner CFP® (1995).

Certified Financial Planner™ professionals meet Education, Examination, Experience and Ethics requirements relating to the financial planning profession.

Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements include:

Bachelor's degree from an accredited college or university

Completion of the financial planning education requirements as set by the CFP Board

Completion of the 10-hour CFP Certification Exam

Three years of qualifying work experience

John D. Peterson Business Experience:

- CWM Financial Group, Inc., Gaithersburg, MD, Principal Owner and Chief Compliance Officer

Registered Investment Advisory Firm 1998- Present

- H. Beck, Inc., Rockville, MD, Registered Representative, Broker/Dealer 1995-2005
- Financial Concepts Unlimited, Gaithersburg, MD, Financial Advisor 1995-1998
- American Express Financial Advisors, Bethesda, MD, Financial Advisor 1994-1995
- Richard L. Cooper & Associates, Ltd., Fairfax, VA, Financial Advisor 1992-1994

DISCIPLINARY INFORMATION

Mr. Peterson has no current or past criminal or civil actions, administrative proceedings, bankruptcy petitions or self-regulatory proceedings.

OTHER BUSINESS ACTIVITIES

Mr. Peterson is not engaged in other business activities outside of CWM Financial Group, Inc.

ADDITIONAL COMPENSATION

Mr. Peterson receives no additional compensation, commissions, service fees, or referral fees of any type from other vendors, business contacts or professional contacts.

SUPERVISION

As Chief Compliance Officer and Principal of CWM Financial Group, Inc., Mr. Peterson is self-supervised.

Further disclosure information:

An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity; Not Applicable
- (b) fraud, false statement(s), or omissions; Not Applicable
- (c) theft, embezzlement, or other wrongful taking of property; Not Applicable
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices. Not Applicable

An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity; Not Applicable
- (b) fraud, false statement(s), or omissions; Not Applicable
- (c) theft, embezzlement, or other wrongful taking of property; Not Applicable
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices. Not Applicable

B. If the supervised person has been the subject of a bankruptcy petition, disclose that fact, the date the petition was first brought, and the current status. Not Applicable