

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

Item 1 Cover Page

**A.**

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**B. This brochure provides information about the qualifications and business practices of PDV Financial Management. If you have any questions about the contents of this brochure, please contact us at (310) 559-0898 and/or email us at [pdvfinmgt@aol.com](mailto:pdvfinmgt@aol.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 PDV Financial Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**C. PDV Financial management is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.**

Item 2 Material Changes

There are no material changes from our last annual update of our Form ADV Part II.

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**A.** PDV Financial Management (“PDV”) was founded in June 1994 by Mr. Che Hong Lee, who currently serves as President and Chief Compliance Officer. Mr. Lee is the sole owner and primary portfolio manager for all client accounts, and he reviews client portfolios typically on at least a weekly basis, and more frequently if market conditions warrant. PDV manages investment accounts mostly for individuals and mostly on a discretionary basis. Further, most client assets are custodied at Charles Schwab & Co., Inc.

**B.** PDV provides investment supervisory services to clients primarily on a fully discretionary basis, and primarily uses fundamental analysis, but also considers general economic and business cycle conditions, and the level of interest rates, in evaluating investments for clients. PDV also provides investment supervisory services to a few clients, from time to time, on a non-discretionary basis.

**C.** Based on each client's particular financial situation, goals, time horizon and tolerance for risk, evidenced by the client's completion of a financial questionnaire, PDV makes an initial asset allocation decision to apportion a client's assets among cash/cash equivalents, bonds/bond substitutes, and equity investments. However, PDV will honor client requests to manage accounts as all-equity or all fixed-income accounts, and some accounts are managed on this basis. PDV will monitor the relative percentages of the different asset classes in a client's portfolio on an ongoing basis and may adjust these percentages from time to time based on the changing needs or financial situation of the client, or market conditions. PDV honors any restrictions clients impose on investing in certain securities or types of securities.

**D.** PDV does not participate in wrap fee programs.

**E.** As of January 31, 2011, PDV has \$52,700,000 assets under management on a discretionary basis and \$0 assets under management on a non-discretionary basis. Assets under management are based on the account values for all client accounts as of January 31, 2011 plus accrued interest for all bond holdings.

Item 5 Fees and Compensation

**A.** PDV primarily offers investment advisory services for a percentage of the market value of assets under management. PDV offers two investment programs with different fee structures, but the same minimum account size requirements. Some clients have elected to have their portfolios managed as part of a combination of these two programs, with a separately negotiated fee schedule.

Program One applies to any account whose size is at least \$500,000 and for which PDV will primarily (but not necessarily exclusively) select and invest in individual securities (as opposed to open-end or closed-end mutual funds) on behalf of the client. The annual fee for a Program One account is 1% of amounts up to \$1 million; 0.80% of that portion of the account that exceeds \$1.0 million but is less than or equal to \$3 million; and 0.65% of any portion of the account that exceeds \$3 million.

Program Two applies to any account whose size is at least \$500,000 and for which PDV will primarily (but not necessarily exclusively) select and invest in open-end or closed-end mutual funds on behalf of the client. The annual fee for a Program Two account is 0.80% for amounts up to \$1 million; 0.65% of that portion of the account that exceeds \$1.0 million but is less than or equal to \$3 million; and 0.55% of any portion of the account that exceeds \$3 million.

The above fee schedules and minimum account sizes for Program One and Program Two accounts are not negotiable, except under unusual circumstances in PDV's discretion.

**B.** Fees are payable quarterly in arrears based on the market value of the assets (including all accrued interest) in the account as of the last day of the calendar quarter equal to one-quarter of the annual rate specified above in Item 5A above. If PDV only provides services for less than the whole of any calendar quarter, the fee otherwise payable for the entire calendar quarter is reduced on a pro rata basis based on the number of days in the calendar quarter on which PDV provided services. With respect to additional net contributions made during any calendar quarter, the fee otherwise payable for the entire quarter with respect to such net contributions is equitably prorated to take into account the portion of the quarter during which the net contributions were not subject to management. Fees are payable on the day after the last day of each calendar quarter, or 5 days following the termination date of the investment advisory contract (if the contract is terminated before the end of the calendar quarter.)

If the market value of the assets and securities in the client's account as of the last day of the calendar quarter as reflected on the records of the broker/dealer has been affected by withdrawals of assets by the client during that calendar quarter, the management fee includes an additional amount equal to the applicable fee rate multiplied by the amount of any such withdrawal(s) and equitably prorated to take into account the portion of the quarter during which any such withdrawals were not subject to PDV's management.

Fees are payable directly by the client from funds outside the account or through automatic deduction from the account balance. If the client consents to having PDV's management fees deducted automatically from the client's account balance following their due date, PDV will send the client and the broker/dealer that is serving as custodian of the client's assets at the same time an

invoice showing the amount of the management fee, value of the client assets on which the fee was based, and the manner in which PDV's fee was calculated, and such broker/dealer will also send the client a statement, at least quarterly, indicating all amounts disbursed from the client's account, including the amount of PDV's fee paid directly to PDV from the account.

**C.** PDV also provides investment advice through consultation at the then prevailing hourly rate or for a fixed fee that is mutually acceptable to PDV and the client.

If PDV buys mutual funds (including possibly funds sponsored by Charles Schwab & Co., Inc) for clients, they will have to pay mutual fund expenses and fees, possibly including load charges, so-called 12(b)1 marketing charges and redemptions fees, all in accordance with the prospectuses for those mutual funds. In addition, clients pay brokerage commissions to Schwab per schedules that change from time to time for securities and mutual fund trades, as well as custodial fees. When PDV buys bonds for clients, they pay commissions that are either built into the bond prices or added to the bond prices and accrued interest.

**D.** Our clients do not pay any fees in advance.

**E.** PDV and its *supervised persons* do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

PDV and its *supervised persons* do not accept *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).

PDV and its *supervised persons* do not manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

Item 7      Types of *Clients*

The types of *clients* to whom PDV generally provides investment advice include individuals, pension and profit sharing plans, trusts, estates and corporations or business entities.

\$500,000.00 is the minimum account size for both Program One and Two accounts. PDV has discretion to make exceptions to the above minimum account size requirements.

**A.** PDV's primary methods of analysis and investment strategies include fundamental analysis and economic analysis. The main sources of information PDV uses include financial newspapers and magazines, research materials prepared by others, rating services, timing services, annual, semi-annual and quarterly financial reports, prospectuses, corporate and other filings with the Securities and Exchange Commission, news and media services, and company press releases.

**Investing in securities involves risk of loss that clients should be prepared to bear.**

**B.** PDV conducts fundamental analysis when deciding which securities to buy or sell and in what quantities for clients. Fundamental analysis involves studying the financial statements and other information and data of companies and determining whether the stocks, bonds and other securities of such companies might be attractive (in which case we may buy) or unattractive (in which case we may sell).

Security valuation is imprecise and difficult, necessarily involving attempts to predict and making assumptions about an uncertain future. In making such predictions and assumptions, we often start with what has happened in the past with respect to the company or investment. Past results are no guarantee or reliable predictor of future results, and there is substantial risk that future events will be very different from our assumptions or predictions. Inaccurate predictions or assumptions about the future prospects of the companies we are analyzing would impair the value of their securities, likely resulting in losses to our clients.

PDV also conducts economic analysis in deciding what securities to buy for our clients. Again, economic cycles and developments are notoriously difficult to predict with accuracy, and it is a certainty that we will often be wrong in our predictions, which will impair the value of the securities we buy for our clients, likely resulting in losses to our clients.

Further, PDV often buys or sells securities in piecemeal fashion and in phases, to the extent the clients' cash positions allow. This strategy increases the number of trades or transactions that charge clients commissions.

**C.** The four most common assets that PDV buys for clients are stocks, bonds, mutual funds and money market funds.

Stocks are very volatile and go down for many reasons. These reasons can be specific to the company. Some examples include poor business operations, weak financial condition, or litigation that can ultimately force the company that issued the stock into bankruptcy, following which shareholders have their entire investment wiped out. Also, stocks can and do go down, sometimes substantially, because of weakness with the general economy or the financial markets.

Bonds, especially junk or non-investment grade bonds, can and do drop in value when the creditworthiness of the companies that issued the bonds deteriorates. Also, bond value drops when interest rates increase. Further, short-term bonds suffer from the risk of having to reinvest maturing bond proceeds at declining interest rates, while callable bonds are subject to the risk

that clients are forced to accept repayment of the bond at times and at prices that could hurt clients.

Mutual funds can hurt clients if the fund managers do not do a good job managing the funds, or adverse developments in the general economy or financial markets occur. In addition, when clients own a mutual fund, they are subject to the risk that other fellow mutual fund shareholders demand to sell shares back to the mutual fund company at any time, requiring the fund manager to sell securities into a downdraft to meet client fund withdrawal demands when he or she would prefer to buy. This will cause the value of the mutual fund to drop, resulting in losses to clients.

Money market funds pose the risk of seeing their underlying securities default, causing the fund net asset value to drop below \$1 per share and resulting in losses to clients.

Item 9      Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

**A.** Neither PDV nor our *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**B.** Neither PDV nor our *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.

**C.** There is no relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person listed below.

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
11. sponsor or syndicator of limited partnerships

**D.** PDV does not recommend or select other investment advisers for our clients and we do not receive compensation directly or indirectly from those advisers that create a material conflict of interest. We do not have other business relationships with those advisers that create a material conflict of interest.

**A, B, C and D.** PDV and its related persons may from time to time acquire or sell in the open market the same securities which are in client portfolios or which PDV recommends or has recommended for purchase or sale by PDV clients.

When PDV and its related persons intend to buy the same securities contemplated to be bought on behalf of PDV clients or intend to sell the same securities contemplated to be sold on behalf of PDV clients, PDV and its related persons are prohibited from "front-running" PDV clients and will only trade for their own accounts after the contemplated transactions for PDV clients are completed.

Because each investor's financial condition, goals, needs, investment time horizon and risk tolerance level will differ, it is possible that PDV and its related persons could make investment decisions on their own behalf which appear inconsistent with the decisions made on behalf of PDV clients. Also the nature and timing of investment decisions made by PDV will necessarily differ among PDV clients. However, neither PDV nor any of its related persons will make any investment decisions on their own behalf which are designed to benefit from the market impact of investment decisions contemplated to be taken on behalf of PDV clients.

All trades made by PDV and its related persons on their own behalf are required to be reported to PDV's President and Chief Compliance Officer and are permitted to be made only if they do not give rise to a conflict of interest between PDV and its related persons and PDV clients. All such trades will be effected in the open market, and not directly between PDV and its clients.

PDV and its related persons may also from time to time recommend for purchase by PDV clients or purchase for PDV clients in the open market the same securities which are in the portfolios of PDV and its related persons. Purchase or sale decisions made by PDV on behalf of its clients or recommendations given to clients are intended to benefit PDV clients without consideration as to their possible effect on the portfolios of the PDV and its related persons.

The Code of Ethics governing the relationship between investment decisions made by PDV on behalf of its clients and those made by PDV and its related persons on their own behalf are set forth in writing and will be furnished to any client or prospective client upon his or her request.

**A. 1. Research and Other Soft Dollar Benefits.** PDV receives various economic, financial and investment information, investment seminar invitations, on-line computer services, back-office support software, electronic market quotations, performance measurement services, investment periodicals and newsletters, research databases and reports, Standard & Poor's reports, computer software programs, and portfolio management software from the broker/dealers through which client trades are effected. Such products/services may be provided directly by such brokers/dealers (e.g. proprietary research reports) or through them. Some of these products, research and services are provided free of charge, while others involve costs. Some of these services and products are furnished to all investment advisors doing business with the broker/dealers on the same terms regardless of the level of that business, while others have charges that are either discounted or waived based on the level of such business or the amount of assets the investment advisors have under management.

PDV receives a discount or a complete waiver of the charges for some of these products and services. PDV, however, has not committed itself, either formally or informally, to generate a specific minimum amount of commissions to obtain any such services or products free of charge or on a discounted basis. All such services and products, whether discounted or charged at full price, are directly paid for by PDV (and not its clients). To the extent that the cost of such products or services are being waived or discounted, this could possibly result in higher commissions than would be the case if such products or services were not provided. However, in PDV's opinion the commissions of the brokers/dealers selected by PDV are reasonable because they offer a competitive overall package of products and services whose value based on the Selection Factors (described below) bears a reasonable relationship to their commissions.

Some of these services and products benefit clients by generating investment ideas, while others facilitate the administration and management of client portfolios. Research services obtained through brokers/dealers implementing trades for PDV clients are used to service all client accounts to which such services are applicable. So for example, a research report on a bond would be used to generate possible investment ideas and opportunities for all client accounts for which bonds would be a suitable investment, but it would not be used to service any all-equity accounts. It is therefore possible, at times, that a service or product will not benefit or apply to all client accounts.

Finally, some of the services and products received by PDV benefit PDV, but not its clients. For example, publications that discuss marketing techniques that are designed to increase PDV's business levels would be illustrative of this.

PDV intends to select broker/dealer(s) to be used for trading and other services, unless a client desires to use his or her own designated broker/dealer. If the client does specifically designate a broker/dealer, PDV will honor the client's request and the client will pay commissions to the broker/dealer in accordance with the schedule negotiated between the client and his/her broker/dealer. If the client prefers to use his/her own broker/dealer, he or she should

understand that its commission schedule may be different than those at other broker/dealers [including Charles Schwab & Co., Inc. ("Schwab")], that he or she may incur commission and other transaction costs at different rates than those charged to other clients of PDV and that PDV may be unable to negotiate commissions or ensure best execution for client trades.

If the client has no preference for a particular broker/dealer, then PDV will select broker/dealer(s) to execute trades and provide other services for the client and have the authority to determine the commissions to be paid to such broker/dealer(s). PDV will select broker/dealer(s) based on many factors, including the efficiency of their back-office operations; their financial stability; their clearance and settlement capabilities; their responsiveness to PDV and its clients; the depth and breadth of their access to different securities; the accuracy, efficiency and quality of their trade execution; the reasonableness of their commission rate schedules; their ability to facilitate the administration and management of client portfolios; and the value of products, research and services they may offer (collectively "Selection Factors").

For those clients who do not have a preference for a particular broker/dealer, PDV has been effecting trades primarily through Schwab (where PDV and its related persons currently maintain accounts). Some trades have been effected through Fidelity from time to time. The broker/dealers selected by PDV to effect client trades or to provide other services do not have the lowest commission schedules in the industry. However, in PDV's opinion their commissions are reasonable because they offer a competitive overall package of products and services whose value based on the Selection Factors bears a reasonable relationship to their commissions. PDV retains the discretion to use other broker/dealers in the future to trade and perform other services for its clients, provided PDV's selection decision follows the Selection Factors.

2. Brokerage for Client Referrals. In selecting or recommending broker-dealers, neither we nor any related person receive any client referrals from a broker-dealer or third party.

### 3. Directed Brokerage

PDV does not recommend, request or require that clients direct us to execute transactions through a specified broker-dealer. PDV, however, does permit clients to direct brokerage if they initiate and request this. If and when clients request direct brokerage, we explain to them that they may pay higher brokerage commissions because we may not be able to aggregate block orders to reduce transaction costs, or they may achieve less favorable execution prices.

PDV may implement investment decisions made on behalf of its clients by what is commonly known as block trading, in which the orders of its clients are aggregated. Each client affected by the block trade will participate in the block trade at the average security price. With respect to block equity trades, *subject to the last sentence of this paragraph*, each client generally will pay the same commission that would be applicable to a separate trade covering the amount of shares allocated to that client (i.e. a trade that is effected separately, rather than as part of a

block trade, for that client's account). So for example, if a block trade of 1000 shares was allocated 700 shares to Client A and 300 shares to Client B, then Client A would pay the commission normally applicable to 700 shares, and Client B would pay the commission normally applicable to 300 shares. PDV will also seek to allocate the block trade in a way that is fair and equitable to its clients participating in the block trade, taking into consideration the particular circumstances and account situation of each such client. Block trading might in some cases produce, but does not guarantee, better prices and/or lower commissions than the client would receive if his or her trades were not aggregated.

For those clients whose account sizes qualify for Prime Brokerage trading and who approve being included in a Prime Brokerage arrangement, PDV will in its discretion use the Prime Brokerage arrangement to buy/sell securities for such clients in appropriate circumstances. Among other things, a Prime Brokerage arrangement might be used from time to time to get better pricing on or access to securities. To implement the Prime Brokerage arrangement, accounts will be set up at brokerage companies selected by PDV from time to time (collectively "Executing Brokers"). In selecting Executing Brokers to effect trades or provide other services for its clients, PDV will evaluate the Selection Factors. On Prime Brokerage trades, Charles Schwab & Co., Inc. ("Schwab"), as the current Prime Broker, would continue to act as custodian for client assets and issue account statements and trade confirmations. PDV may in its discretion select a different broker/dealer as the Prime Broker in the future.

On a Prime Brokerage trade, PDV will typically (but not always) execute block trades through the master account set up with Executing Brokers for the benefit of more than one client in accordance with the procedures on block trading described above. From time to time, PDV may also execute trades for a single client (i.e. non-block trades) at Executing Brokers or other broker/dealers selected by PDV either through the Prime Brokerage arrangement or through a process commonly called "trades away" where the Executing Broker or another executing broker/dealer selected by PDV executes the trade for PDV's client and the trade is settled between Executing Broker or another executing broker/dealer selected by PDV and Schwab (or any other future broker/dealer serving as custodian).

For the settlement services it performs in connection with the Prime Brokerage or the "trades away" arrangement, Schwab charges a commission for any trade that is executed by an Executing Broker. The fee may be increased in the future. PDV takes such charges into account when deciding whether it is advisable to execute trades on its clients' behalf at an Executing Broker (rather than at Schwab).

Item 13      Review of Accounts

Mr. Che Hong Lee, President of PDV, serves as the primary portfolio manager for all client accounts. Ms. Deborah W. Lee, Senior Financial Advisor, serves as assistant portfolio manager for all client accounts. Mr. and Ms. Lee are assisted by Senior Portfolio Analyst, Ms. Louisa Ho.

Mr. Lee reviews clients' portfolios typically on at least a weekly basis, and more frequently if market conditions warrant. We send out on a quarterly basis written account progress statements that show inception to date results as well as account results for the most recent quarter. At the same time, we send out a complimentary newsletter.

A. PDV receives an economic benefit from Charles Schwab & Co., Inc. in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

B. Neither PDV nor any related person directly or indirectly compensates any person who is not our supervised person for client referrals.

Except as described below in the following paragraph, PDV does not accept or take custody of client funds or stock certificates at any time.

Most clients have given Charles Schwab & Co., Inc., as custodian of their assets, the authorization to deduct fees directly from their accounts, per fee requests submitted by PDV at the end of each calendar quarter pursuant to investment management contracts between PDV and those clients. If a client consents to having PDV's management fees deducted automatically from his or her account following their due date, PDV sends the client and the broker/dealer acting as custodian at the same time an invoice showing the amount of the management fee, value of the client assets on which the fee was based, and the manner in which PDV's fee was calculated. Such custodian also sends the client a statement, at least quarterly, indicating all amounts disbursed from the client's account, including the amount of PDV's fee paid directly to PDV from the account. ***Clients are urged to compare the account statements from Schwab with the statements that PDV sends to clients on a quarterly basis.***

Item 16 Investment Discretion

PDV will generally have the authority pursuant to the investment advisory contract to be signed by PDV and the client to invest in a wide variety of securities and investment vehicles and to determine the amount of such securities to be bought or sold. PDV also manages a few accounts on a non-discretionary basis from time to time, and certain accounts may be limited as to the number or nature of available investment choices.

For discretionary accounts, PDV will instruct the broker/dealer to effect trades pursuant to a limited power of attorney granted by the client to PDV. PDV does not intend to obtain a general power of attorney, and will not have authority to write checks against clients' accounts. PDV will invest in those securities and in quantities which are consistent with the financial situation, goals, time horizon and tolerance for risk of the client. PDV's authority is limited by the terms of the investment advisory contract and limited power of attorney, both of which require the client's consent.

- A.** As of March 8, 2007, PDV's investment advisory contract provides that we will be voting proxies and acting on reorganization or other similar matters on the client's behalf, unless and until the client notifies us otherwise.
- B.** Our proxy voting policies and procedures are as follows. When we receive a notice with instructions for voting electronically on clients' behalf, we immediately request paper versions of the proxy statement and voting form. We print out a record of our request and date it. We then verify the number of shares held by our clients against the information on the proxy voting form. After reviewing the proxy materials, Mr. Che H. Lee votes before the voting deadline, mostly online via the internet. All original/copied materials relating to our vote on clients' behalf are filed in the proxy voting file for future reference and retrieval.
- C.** Clients can direct our vote in a particular solicitation by contacting us by email, phone or regular mail.
- D.** There are no conflicts of interest between us and our clients with respect to voting their proxies, because we vote the same way for ourselves as we do for our clients who have delegated proxy voting authority to us, with respect to securities we own in common.
- E.** Clients may obtain information about how we voted their securities by contacting us by phone, email, or regular mail. Records of our proxy voting on clients' behalf are safe-kept in our office files and can be easily made available to clients at any time.
- F.** Clients have the right at any time to request and review a copy of our proxy voting policies and procedures and the record of how we voted their proxies, by contacting us either by phone, email or in writing.

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

**B.** PDV's financial condition is good and it has the ability to meet contractual commitments to clients.

**C.** PDV has NEVER been the subject of a bankruptcy petition at any time.

**A.** President -- Che Hong Lee  
Occidental College, A.B. Economics  
University of California at Berkeley, J.D.

Mr. Lee is the President and a director of PDV. He has his investment license, having passed the NASD Series 2 examination. He practiced commercial real estate law from 1985-94, and has negotiated, structured and documented numerous mortgage financing, purchase/sale, and leasing transactions. He has served as President of PDV since 1994.

Senior Financial Advisor -- Deborah Wai-ching Lee  
California State Polytechnic University, B.S.  
Purdue University; M.S.

Ms. Lee holds the title of Senior Financial Advisor at PDV and has her investment license, having passed the Series 65 "Uniform Investment Adviser Law Examination." She was the Senior Portfolio Analyst at AMI Asset Management Corporation from August 1998 to March 2002, in charge of that investment management firm's "back-office" operations. She also conducted investment research for AMI. Prior to working at AMI, she was in charge of PDV's back-office operations.

Senior Portfolio Analyst -- Louisa Ho  
University of California at Berkeley, B.A. 2002

Ms. Ho holds the title of Senior Portfolio Analyst at PDV and has her investment license, having passed the Series 65 "Uniform Investment Adviser Law Examination." She is involved in investment research, entering trades and back-office operations at PDV and has worked at PDV since 2003.

- B.** PDV is not actively engaged in any other business (other than giving investment advice).
- C.** Neither PDV nor its supervised persons are compensated for advisory services with performance-based fees.
- D.** Neither PDV nor any of its management persons has been involved in any of the events listed below:

1. 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;
- (b) fraud, false statement(s), or omissions;

- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

2. 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;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

**E.** Neither PDV nor any of its management persons has a relationship or arrangement with any issuer of securities that is not listed in Item 10.C. of Part 2A