

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:
Pacific Wealth Strategies Group, Inc.

SEC File Number:

801- 68311

Date:

02/10/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Pacific Wealth Strategies Group, Inc.		IRS Empl. Ident. No.: 77-0692355
Item of Form (identify)	Answer	

Item 1D	<p><u>Advisory Services and Fees</u></p> <p>Pacific Wealth Strategies Group, Inc. (hereinafter "PWSG" or the "Firm") is a corporation, formed under the laws of the State of California. PWSG offers investment advisory services to individuals, high-net worth individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, and corporations and other business entities. This Schedule F narrative provides clients with information regarding PWSG and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of the Firm.</p> <p>Please contact Ms. Erin Neil, President and Chief Compliance Officer, if you have any questions about this Schedule F narrative. Additional information about PWSG is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for PWSG is 144789.</p> <p>Individuals associated with PWSG will provide its investment advisory services. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of the Firm. Such individuals are known as Investment Advisor Representatives (IARs).</p> <p>PWSG may provide its clients with a broad range of investment management services, comprehensive estate and financial planning, and consulting services (including non-investment related matters). PWSG's standard annual advisory fees are up to 2.0% of investable assets for investment management services. Our fees are subject to negotiation and charged on a pro-rata (annual) basis quarterly in arrears based on the closing market value of the account on the last day of the calendar quarter.</p> <p>In certain cases, PWSG may charge clients a negotiable \$250 hourly fee or a flat fee between \$1,500 and \$10,000 for financial consultations or plans. In these cases, half of the anticipated fee is due in advance with the rest due upon the completion of the consultation.</p> <p>Pursuant to CCR Section 260.238(j), PWSG hereby discloses that Clients may receive the same or comparable services from other Financial Advisors at a lower fee.</p> <p>Prior to engaging PWSG to provide investment advisory services, the client will be required to enter into a Investment Advisory Agreement (see below) with PWSG setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to PWSG commencing services.</p>
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Items 1D, 7A, B & 12B	<p>Pursuant to California Code of Regulations, 10 CCR Section 260.238(k), PWSG discloses that it may utilize various firms for the execution of securities transactions and to custody assets. In certain cases, Advisor may recommend that clients execute transactions through the firms described in Item 12(B) of Schedule F. No investment advisory accounts are maintained with First Allied Securities, Inc., however it should be noted that PWSG's associated persons, Ms. Erin Neil and Mr. Jeffrey Brookshire are registered representatives with that firm and may earn commissions from First Allied Securities, Inc. for the sale of commissionable securities products. These transactions only take place when they are acting in their separate roles as registered representatives of First Allied Securities, Inc. or in some cases when financial planning/consulting recommendations are executed. In any event, Client is under no obligation to act upon PWSG's recommendations. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through PWSG, or any particular broker-dealer. PWSG also discloses that its associated persons may earn commissions for the sale of insurance products as further described in Items 7A & B of Schedule F.</p>
Item 1D	<p><u>Investment Management</u></p> <p>The client may engage PWSG to design an investment portfolio and provide ongoing corresponding investment management services on a fee-only basis through a broker-dealer or custodial firm of the client's choice. Factors which PWSG considers in recommending broker-dealer firms/custodians to clients include their respective financial strength, reputation, execution, pricing, reporting, research, and service. Prior to PWSG providing investment management services, the client will be required to enter into a formal Investment Advisory Agreement with PWSG setting forth the terms and conditions under which PWSG shall manage the client's assets, and a separate custodial/clearing agreement with their account custodian. PWSG's Investment Advisory Agreement and the custodial/clearing agreement, may authorize the account custodian to debit the client account for the amount of PWSG's investment advisory fee and to directly remit that management fee to PWSG in accordance with required state procedures. PWSG's annual investment advisory fee is 2.0% of assets under management charged on a pro-rata quarterly basis in arrears. Transaction and other account fees would be assessed as incurred and are the separate responsibility of the client.</p> <p>In addition to PWSG's investment advisory fee, the client shall also incur, relative to mutual fund purchases, charges imposed directly at the mutual fund level (i.e. fund advisory fees and expenses). The Investment Advisory Agreement between PWSG and the client will continue in effect unless terminated by either party by written notice in accordance with the terms and conditions of the applicable agreement. PWSG's investment advisory fee shall be prorated through the date of termination, and any remaining balance shall be refunded to the client.</p>

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Item 1D	<p>In return for effecting securities transactions through a designated broker-dealer/custodian, PWSG may receive certain investment research products and/or services which assist PWSG in its investment decision-making process for the client, all of which transactions shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934. Although the commissions and/or transaction fees paid by PWSG's clients shall comply with PWSG's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where PWSG determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the financial strength, reputation, value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although PWSG will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products and/or services that may be obtained by PWSG will generally be used to service all of PWSG's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. The brokerage commissions and/or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, PWSG's investment advisory fee.</p> <p>In performing its services, PWSG shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. The client is free to accept or reject any recommendation made by PWSG. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify PWSG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/ revising PWSG's previous recommendations and/or services. PWSG's clients are advised to promptly notify PWSG if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon PWSG's management services.</p> <p>A copy of the written disclosure statement for PWSG, as set forth on Part II of Form ADV, shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement. Any client who has not received a copy of PWSG's written disclosure statement at least forty-eight (48) hours prior to executing the initial applicable agreement shall have five (5) business days subsequent to executing the agreement to terminate PWSG's services and receive a full refund.</p> <p>Neither PWSG nor the client may assign the Investment Advisory Agreement without the prior written consent of the other party. Transactions that do not result in a change of actual control or management of PWSG shall not be considered an assignment.</p>
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Item 1D

High Net Worth Clients

PWSG manages accounts for high-net worth clients. Such clients are qualified investors since they have a minimum net worth of \$1.5 million dollars or have placed at least \$750,000 under management with PWSG. High-net worth clients are charged a performance fee as follows: PWSG charges a 1% annual investment management fee quarterly in arrears as well as a 10% performance fee for all net profits (total investment return less the underlying investment management fee) accrued on the last day of each calendar quarter.

In the event that PWSG fails to achieve an investment return, no performance fee would be due to PWSG for the prior quarter's management of client's account. Only the underlying investment management fee would be due to PWSG. In the event that the client terminates the managed account before the end of the quarter, the client shall be billed a 10% performance fee on assets under management for all net profits accrued quarter to date. All performance based fees will comply with Section 205 of the Investment Advisers Act of 1940 and Rule 205-3 there under as applicable.

Financial Planning/Financial Consulting

An anticipated fixed fee between \$1,500 to \$10,000 or hourly fee of \$250 may be charged, half of which is generally due and payable at the time the client's agreement is executed, and the remainder of the fee is due upon presentation of a plan or the rendering of consulting services. Financial plans or consultations will be completed within 6 months of the contract date.

GENERAL INFORMATION CONCERNING FEES

All fees paid to PWSG for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, insurance companies, broker-dealers, clearing firms and other financial institutions.

These fees and expenses are described in each fund's prospectus or other disclosure documentation. Such fees will generally include a management fee, other fund or product expenses and a possible distribution fee.

A client could invest in securities directly, without the services of PWSG. In some cases, this may be also the case with certain insurance products. In that case, the client would not receive the services provided by PWSG which are designed, among other things, to assist the client in determining which securities and/or insurance product is/are most appropriate to the client's financial condition and objectives. Accordingly, the clients should review both the fees charged by financial services companies and the fees charged by PWSG to fully understand the total amount of fees to be paid by the clients. This will help in the evaluation of the advisory services being provided.

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In certain situations, PWSG may enter into a different type of agreement with certain of its clients under which those clients' portfolios will be managed differently from PWSG's majority of other clients and the fees paid by these types of clients may differ from the majority of the other clients.

TERMINATION AND REFUNDS

Clients can terminate, without penalty, PWSG's Agreement within five business days and receive a full refund. After five business days, the client will receive a pro-rata refund of any unearned management fees.

Item 6

**INVESTMENT ADVISORY REPRESENTATIVE'S EDUCATIONAL
AND BUSINESS BACKGROUND****Erin Jane Neil, Born 1972**

Erin Neil has been in the securities industry since 1998, beginning her career as a Financial Advisor with Prudential Securities, in Phoenix, Arizona. In February, 2007, Ms. Neil relocated to Santa Barbara, California and began to expand her practice and bring on new Advisory clients. Prior to that Ms. Neil worked as a specialist in the area of Alternative Investments, specializing in real estate, oil and gas, commodities, hedge funds and 1031 Exchange products. In her most recent position she was Vice-President of Alternative Investments with AFA Financial Group, LLC. Prior, Ms. Neil worked as the Product Manager for Alternative Investments and Due Diligence Officer for First Allied Securities in San Diego, California. From 2003 to 2005, Ms. Neil held a different role in the securities industry as a Risk Management Specialist for equities, fixed income and options trading for TD Waterhouse working in both San Diego and New York City. From 2001 – 2003 Ms. Neil took a hiatus from the securities industry and worked as a Social Studies teacher. Ms. Neil is a graduate of Arizona State University with a B.A. in Political Science earned in June, 1997 and a concurrent B.A. in Women's Studies also earned in June, 1997. In October of 2006, Ms. Neil completed her Master's in Business Administration from the University of Phoenix. Ms. Neil holds the following licenses: Series 4 earned in 12/2004; Series 7 in 01/2004; Series 9 in 06/2005; Series 10 in 07/2005; Series 63 in 02/2004; and Series 66 in 08/2007.

Ms. Neil's Employment History is as follows:

08/2007 to Present - Pacific Wealth Strategies Group, Inc. – President and Chief Compliance Officer, Santa Barbara, CA

05/2007 to Present – First Allied Securities Group, Inc. – Registered Representative, San Diego, CA; 09/2005 to 02/2007 – Product Manager

02/2007 to 05/2007 – AFA Financial Group, LLC – Vice President of Alternative Investments, Calabasas, CA

12/2003 to 08/2005 – TD Waterhouse Investor Services, Inc. – Account Representative, Jersey City, NJ

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Item 6	<p>08/2003 to 11/2003 – Beverly Hills Unified School District – Teacher, Beverly Hills, CA 05/2001 to 08/2003 – The Coyote Bar and Grill – Waitress, Carlsbad, CA 09/2002 to 06/2003 – Oceanside Unified School District – Substitute Teacher, Oceanside, CA 11/2002 to 06/2003 – Army and Navy Academy – Substitute Teacher, Carlsbad, CA</p> <p>Jeffery Dane Brookshire, Born 1969</p> <p>Jeff Brookshire has been in the Securities industry since 1997, beginning his career as a Registered Representative with Edward D. Jones and Co. in Santa Barbara, California. In April, 2002, Mr. Brookshire made the decision to become an Independent Registered Representative and left Edward D. Jones and Co. Since that time Mr. Brookshire has run his business independently partnering with firms such as First Allied Securities, Inc. and Wells Fargo. In 1993 Mr. Brookshire graduated from the University of California at Santa Barbara with a B.A. in Economics. In October, 2002, Mr. Brookshire earned the designation of CERTIFIED FINANCIAL PLANNER. Mr. Brookshire holds the following licenses: Series 4 earned in 03/2003; Series 7 in 11/1997; Series 24 in 08/2002; Series 51 in 05/2003; and Series 63 in 11/1997.</p> <p>Mr. Brookshire's Employment History is as follows:</p> <p>08/2007 to Present - Pacific Wealth Strategies Group, Inc. – Vice President, Corporate Secretary, and Treasurer, Santa Barbara, CA 04/2002 to Present – First Allied Securities Group, Inc. – Registered Representative, San Diego, CA 09/1997 to 04/2002 – Edward D. Jones & Co., LP – Registered Representative, Santa Barbara, CA</p> <p>Graham Stuart Guess, Born 1971</p> <p>Graham Guess is an independent advisor for GSG Management Inc and is partnered with different firms - beginning with Xelan Financial Planning in 1998, then Greenbook in 2004. Currently he is an Independent Registered Representative, holding affiliations with GB Investment Management and First Allied Securities Group, Inc. Mr. Guess graduated from Claremont McKenna College in 1994 with combination degree of Economics/Politics/Environmental Science. Mr. Guess earned designation of Certified Wealth Strategist from Cannon Financial Institute in March 2007. Mr. Guess holds the following licenses: Series 7 (2006), Series 63 (2006) Series 65 (2002).</p> <p>Mr. Guess' Employment History is as follows:</p> <p>01/2009 to Present - Pacific Wealth Strategies Group, Inc. – Investment Advisory Representative, Santa Barbara, CA</p>
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Item 6	10/2006 to Present, First Allied Securities Group, Inc. – Registered Representative, Santa Barbara, CA 06/1998 to Present, GSG Management Inc, – President, Santa Barbara, CA 12/03 to Present, Greenbook Investment Management Inc, – Registered Representative, San Diego, CA
Items 7A,B	<u>Other Business Activities</u> Erin J. Neil, Jeff Brookshire and Graham Guess are registered representatives of First Allied Securities, Inc. (“First Allied), a registered broker-dealer and member of FINRA/SIPC. The rules of FINRA require First Allied to supervise the outside securities activities, such as investment advisory services, of its representatives. To meet this obligation, First Allied will place a number of restrictions on the personal trading activities of Messrs. Neil, Brookshire and Guess. Ms. Neil, Mr. Brookshire and Mr. Guess may provide brokerage services for clients of PWSG after obtaining (where required) the prospective approval of their clients. Unless otherwise directed by a client with respect to such client’s account, PWSG directs the securities transactions for its advisory clients through First Allied. PWSG believes that it provides best execution for those client transactions it effects through First Allied as well other firms later described in Schedule F. Neither Ms. Neil, Mr. Brookshire nor Mr. Guess will earn any commissions from First Allied on investment advisory accounts managed through First Allied. They may earn commissions for selling clients securities as registered representative of First Allied or executing financial planning/consulting recommendations. Mr. Brookshire is an insurance agent/broker with various insurance agencies and may earn commissions from the sale of these products to PWSG clients.
Items 12A,1	PWSG has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (A) Which securities are to be bought or sold; (B) The total amount of the securities to be bought or sold.
Miscellaneous	<u>Execution Quality</u> PWSG believes it provides “best execution” for client transactions it effects through First Allied, Pershing LLC or Schwab Institutional. In evaluating these firm’s continuing ability to provide “best execution,” PWSG considers historical net prices (after commissions or other transaction-related compensation) as a principal factor, but may also consider, among other factors: their execution, clearance, error resolution and settlement capabilities generally and in connection with securities of the type to be bought or sold; willingness to commit capital; reliability and financial stability; the size of the transaction; and the market for the security. PWSG does not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction.

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Miscellaneous	<p><u>Privacy Statement</u></p> <p>PWSG is committed to safeguarding the confidential information of its clients and holds all personal information provided to it in the strictest confidence. These records include all personal information that PWSG collects from its clients or receives from other firms in connection with any of the financial services PWSG provides. PWSG also requires other firms with whom it deals to restrict the use of client's information. PWSG's Privacy Policy is available upon client's engagement of PWSG's services or by prior request of the clients.</p>
Item 9E	<p><u>Participation or Interest in Clients Transactions</u></p> <p><i>CODE OF ETHICS</i></p> <p>PWSG may buy or sell securities identical to those recommended to its customers for its personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to clients.</p> <p>It is the expressed policy of PWSG that it may not purchase or sell any individual stock or bond prior to a transaction(s) being implemented for an advisory account, and therefore, preventing it from benefiting as a result of transactions placed on behalf of advisory accounts.</p> <p>As these situations represent a conflict of interest, PWSG has established the following restrictions in order to ensure its fiduciary responsibilities to clients are met:</p> <p>PWSG shall not buy or sell securities for its personal portfolio(s) where its decision is substantially derived, in whole or in part, by its role as an PWSG unless the information is also available to the investing public on reasonable inquiry. In no case, shall PWSG prefer its own interest to that of its advisory clients. (1) (2)</p> <p>PWSG recognizes it must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.</p> <p><u>Footnotes</u></p> <p>This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of PWSGs' client's trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with PWSG's records in the manner set forth above.</p>

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Item 9E	Open-end mutual funds and/or the investment sub-accounts which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase of redemption. As such, transactions in mutual funds and/or variable insurance products by PWSG are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited by PWSG's Investment policies and procedures.
Miscellaneous	<p><u>Insider Trading</u></p> <p>In accordance with Section 204A of the Investment Advisers Act of 1940, PWSG also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by PWSG.</p> <p><u>Proxy Voting</u></p> <p>PWSG does not vote client proxies.</p>
Item 12(B)	<p><u>INVESTMENT OR BROKERAGE DISCRETION AND SUGGESTION OF BROKERS</u></p> <p>PWSG may recommend that clients establish brokerage accounts with Pershing LLC and/or the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), registered broker-dealers, Members SIPC, to maintain custody of clients' assets and to effect trades for their accounts. PWSG is independently owned and operated and not affiliated with Schwab or Pershing LLC.</p> <p>Schwab may provide PWSG with access to its institutional trading and custody services, which are typically not available to Schwab 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 accounts at Schwab Institutional, <i>and are not otherwise contingent upon Advisor committing to Schwab any specific amount of business (assets in custody or trading)</i>. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or require a significantly higher minimum initial investment. For PWSG's client accounts maintained in its custody, Schwab <i>generally</i> does not charge separately for custody but is compensated by account holders through commissions, transaction-related or asset based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.</p> <p>Schwab also makes available to PWSG other products and services that benefit PWSG but may not benefit its clients' accounts. Some of these other products and services assist PWSG in managing and administering clients' accounts. These include software and other technology that provide access to client account</p>

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Item 12(B)	<p>data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of PWSG's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of PWSG's accounts, including accounts not maintained at Schwab Institutional.</p> <p>Pershing LLC may also provide PWSG with other products and services that benefit PWSG but may not benefit its clients' accounts. Some of these other products and services assist PWSG in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of PWSG's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of PWSG's accounts, including accounts not maintained at Pershing LLC.</p>
Item 13(A)	<p><u>ADDITIONAL COMPENSATION</u></p> <p>Schwab Institutional also makes available to PWSG other services intended to help PWSG manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to PWSG by independent third parties. Schwab Institutional may discount or waive fees it 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 PWSG. While as a fiduciary, PWSG endeavors to act in its clients' best interests, PWSG's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to PWSG of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.</p>