

## **Professional Wealth Management Services, LLC**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Professional Wealth Management Services, LLC. If you have any questions about the contents of this brochure, please contact us at 704-872-0022. 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 Professional Wealth Management Services, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Professional Wealth Management Services, LLC is 150266.

Professional Wealth Management Services, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

There have been no material changes to Form ADV Part 2A since the last annual update on January 21, 2010.

## Table of Contents

<b><i>Advisory Business.....</i></b>	<b><i>1</i></b>
<b><i>Fees and Compensation .....</i></b>	<b><i>1</i></b>
<b><i>Performance-Based Fees and Side-By-Side Management.....</i></b>	<b><i>2</i></b>
<b><i>Types of Clients.....</i></b>	<b><i>2</i></b>
<b><i>Methods of Analysis, Investment Strategies and Risk of Loss.....</i></b>	<b><i>2</i></b>
<b><i>Disciplinary Information.....</i></b>	<b><i>2</i></b>
<b><i>Other Financial Industry Activities and Affiliations .....</i></b>	<b><i>4</i></b>
<b><i>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</i></b>	<b><i>5</i></b>
<b><i>Brokerage Practices .....</i></b>	<b><i>5</i></b>
<b><i>Review of Accounts.....</i></b>	<b><i>6</i></b>
<b><i>Client Referrals and Other Compensation.....</i></b>	<b><i>6</i></b>
<b><i>Custody .....</i></b>	<b><i>6</i></b>
<b><i>Investment Discretion.....</i></b>	<b><i>6</i></b>
<b><i>Voting Client Securities.....</i></b>	<b><i>7</i></b>
<b><i>Financial Information.....</i></b>	<b><i>7</i></b>

## ***Advisory Business***

Form ADV Part 2A, Item 4

Professional Wealth Management Services, LLC ("PWMS") was founded in April 2007 by John Stevenson, who remains the majority member. Shawn Fleming is also a member. PWMS provides fee-only financial planning and investment advisory services to individuals as well as pension consulting services to corporations and other business entities.

Financial planning services include one-time diagnostic plans and ongoing consultations. Investment advisory services include all financial planning services in addition to portfolio management on a discretionary or non-discretionary basis and any wrap program a client may utilize. A wrap program may include asset allocation, portfolio management, trade execution, and any related administrative activities. Pension consulting services include facilitation of plan feasibility, design, and review.

PWMS advisory services are tailored to the individual needs of the client based on thorough initial interviewing and periodic communication. A client may impose restrictions based on quantitative factors such as tax management or qualitative factors such as social concerns.

Portfolio management and wrap fee accounts are both managed based on the specific needs of the client as derived from the client interview process. PWMS is compensated a portion of the wrap fee for providing its objective profiling, asset allocation, and other services on behalf of the client.

As of March 16, 2011, PWMS manages \$63,863,073.00 on a discretionary basis and \$541,222.00 on a non-discretionary basis.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

PWMS is a fee-only advisor. PWMS does not deduct fees from client assets directly. For portfolio management and wrap program participants, clients authorize their qualified custodian to deduct fees from their accounts to pay for investment advisory services. These fees generally do not exceed 0.99% of managed assets on an annual basis and are customized as well as negotiable based on a client's specific situation. For individual consultation and ongoing financial planning participants, invoices are sent to clients for payment. All billing is performed quarterly.

PWMS clients do not pay any sales charges, commissions, or other additional fees or expenses related to PWMS advisory services. The custodian charges an annual maintenance fee for IRAs (as of 11/10/10, this charge is \$40.00 per year). Mutual funds and exchange traded funds have internal expense ratios, but PWMS does not receive any part of these or any other fees, such as 12b-1 service/distribution fees, from mutual fund or exchange traded fund companies.

Typically, clients will pay fees in advance. In the event of advisory contract termination, the client will receive a pro rata refund of pre-paid fees attributable to any period after the date of termination.

PWMS does 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.

### ***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

PWMS does not accept performance-based fees such as a share of capital gains or capital appreciation.

### ***Types of Clients***

Form ADV Part 2A, Item 7

PWMS provides investment advice to individuals, trusts, and pension plan sponsors or trustees. PWMS does not require a minimum account size but instead relies on determination of suitability in opening and maintaining accounts.

### ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

PWMS utilizes an extensive initial interviewing process, including multiple investor risk tolerance assessments, to help formulate an individualized financial plan for a client. This financial planning process incorporates software introducing Modern Portfolio Theory and Monte Carlo simulation to the client to help derive the long-term investment strategy. Execution of the financial plan is focused on diversification, asset class and sector allocation, and individual security selection. The risk tolerance assessments, educational theory, and simulation tools remind clients that investing in securities always involves volatility and the risk of loss. Additional financial software is used to subsequently analyze, monitor, and provide feedback regarding ongoing risk and asset management.

In addition to the risk of loss in principal value, there are other risks associated with long-term investing that PWMS encourages clients to consider. These include inflation, taxes, and unexpected events.

### ***Disciplinary Information***

Form ADV Part 2A, Item 9

Neither PWMS nor its members or employees have ever been the subject of any legal or disciplinary event such as:

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

N/A

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

N/A

3. was found to have been involved in a violation of an investment-related statute or regulation; or

N/A

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

N/A

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

N/A

2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;

N/A

(b) barring or suspending your firm's or a management person's association with an investment-related business;

N/A

(c) otherwise significantly limiting your firm's or a management person's investment-related activities; or

N/A

(d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

N/A

C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

N/A

1. was found to have caused an investment-related business to lose its authorization to do business; or

N/A

2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

N/A

### ***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

Neither PWMS nor its members or employees are associated with any other financial industry activities or affiliations such as:

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

N/A

B. If you or any of your 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, disclose this fact.

N/A

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

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.

N/A

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business

relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

N/A

### ***Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

Form ADV Part 2A, Item 11

PWMS has developed a Code of Ethics ("Code") as a means of memorializing its vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. This Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations
- Protection of material and non-public information
- Conflicts of interest
- Employee disclosure and reporting of personal securities holdings and transactions
- IPOs and private placements
- Reporting of any violations of the Code
- Employee education regarding the Code, and
- Enforcement of the Code.

All representatives of PWMS have been furnished a copy of the Code and have signed their names to a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of the Code is available to all current and/or prospective clients upon request.

Neither PWMS nor its representatives buy securities from (or sell securities to) clients or their accounts. Neither PWMS nor its representatives act as general partner in a partnership in which client investments are solicited. Neither PWMS nor its representatives act as an investment adviser to an investment company that is recommended to clients. As such, PWMS does not have a material financial interest or conflict of interest in the securities it recommends to clients or buys or sells for client accounts.

PWMS or its personnel may invest for their own accounts or have a financial interest in the same securities or other investments that PWMS recommends or acquires for the accounts of its clients. PWMS or its personnel may engage in transactions that are the same as or different than transactions recommended to or made for client accounts.

### ***Brokerage Practices***

Form ADV Part 2A, Item 12

is not affiliated with any broker-dealers and, as a result, does not receive any research or other products or services in connection with client securities transactions.

PWMS is a fee-only investment advisor and, as such, does not collect client brokerage commissions or markups or markdowns.

In lieu of a broker-dealer, PWMS clients utilize a qualified custodian to hold their assets and process transactions on their behalf. PWMS has the ability to aggregate or batch orders for clients. However, the pricing of client transactions is not impacted by commissions or transaction charges.

### ***Review of Accounts***

Form ADV Part 2A, Item 13

PWMS regularly reviews client accounts and financial plans. Client financial plans are formally updated and reviewed at the beginning of each calendar year and subsequently throughout the year based on changes in the client's personal and/or financial circumstances. Client accounts are reviewed and managed based on client financial plan changes as well as customized client management considerations including, but not limited to, asset class rebalancing, withdrawal / income / cash flow needs, income and capital gains taxation, and estate planning.

Clients receive both monthly account statements and quarterly performance reports directly from their qualified custodian.

### ***Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

PWMS does not receive any economic benefits for providing investment advice or other advisory services from anyone who is not a client.

PWMS also does not refer clients to others or accept prospective client referrals from others in exchange for compensation.

### ***Custody***

Form ADV Part 2A, Item 15

PWMS does not take custody of client assets.

### ***Investment Discretion***

Form ADV Part 2A, Item 16

PWMS may accept discretionary authority to manage securities accounts on behalf of clients. Clients who desire discretionary management will authorize this function within their management agreement with PWMS.



PWMS will only assume and implement this authority following an extensive initial interviewing process, including multiple suitability assessments, and the formation of an individualized financial plan. As stated previously, the financial planning process incorporates software introducing Modern Portfolio Theory and Monte Carlo simulation to the client to help derive the long-term investment strategy. Execution of the financial plan is focused on diversification, asset class and sector allocation, and individual security selection. The suitability assessments, educational theory, and simulation tools remind clients that investing in securities always involves volatility and the risk of loss. Additional financial software is used to subsequently analyze, monitor, and provide feedback regarding ongoing risk and asset management.

### ***Voting Client Securities***

Form ADV Part 2A, Item 17

PWMS does not vote client securities. Clients receive all proxy voting and other materials directly from the custodian or transfer agent. PWMS does not advise clients with regard to solicitations they may receive.

### ***Financial Information***

Form ADV Part 2A, Item 18

PWMS may assume discretionary trading authority on behalf of clients, but the firm does not custody client funds or securities and has no discretionary authority to withdraw client funds or collect fees from client assets. There are no foreseeable financial conditions that are reasonably likely to impair PWMS's ability to meet contractual commitments to its clients. For example, in the event of unused management fees, the qualified custodian would refund the balance of quarterly fees directly to the client with PWMS owing the custodian the value of any refunded fees.