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This Brochure provides information about the qualifications and business practices of Patagonia Wealth Advisors LLC. If you have any questions about the contents of this Brochure, please contact us at telephone number (305) 961 1698 and/or by email at [info@patagoniawa.com](mailto:info@patagoniawa.com).

The information in this Brochure has not been approved or verified by any state securities authority.

Registration of an Investment Firm does not imply any level of skill or training. The oral and written communications of an Firm provide you with information about which you determine to hire or retain a Firm.

Additional information about Patagonia Wealth Advisors LLC also is available on the SEC's website at [www.Firminfo.sec.gov](http://www.Firminfo.sec.gov).

May 9, 2011

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. As such, various States have also set forth parallel requirements . As a result, this Brochure, dated May 9, 2011, is a new document prepared according to the SEC’s and various States’ new requirements and rules. In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

You will receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year, which is December 31 of each year. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting us at phone number (305) 961 1698 or by email at [info@patagoniawa.com](mailto:info@patagoniawa.com).

Additional information about Patagonia Wealth Advisors LLC is also available via the SEC’s web site [www.Firminfo.sec.gov](http://www.Firminfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Patagonia Wealth Advisors LLC who are registered, or are required to be registered, as Investment Firm Representatives (“IARs”) of Patagonia Wealth Advisors LLC.

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## Item 4 – Advisory Business

### General

Patagonia Wealth Advisors LLC (“PWA”, the “Firm” or the “Adviser”) is an investment Firm that provides Portfolio management services to High-Net Worth Individuals, Families, and Institutions globally. Investment advice is provided on either a discretionary or non-discretionary basis, with each client making the final decision on investment selection when being advised on a non-discretionary basis. When the Firm is advising clients on a discretionary basis, PWA may make the final investment decisions and place trades for clients under a limited power of attorney. The Firm does not act as a custodian of client assets; therefore, the client always maintains asset control.

### Tailored Relationships

PWA develops customized strategies based on the stated investments objectives, risk tolerances, and financial circumstances of each client. While PWA’s often selects or recommends a variety of securities for its clients, each client may choose to impose reasonable restrictions on the management of their accounts, including requesting the restriction of particular securities or types of investments. For instance, sometimes restrictions are imposed by the governing documents of a client (i.e. Corporate documents).

The goals and objectives for each client are documented by the Firm and typically will vary by client. Investment policy statements may be created that reflect the stated goals and objectives of each client. PWA’s IARs work with their clients to identify their investment goals and objectives, as well as risk tolerance, in order to create an initial portfolio allocation designed to complement the client’s financial situation and personal circumstances.

The initial meeting to review clients’ investment portfolios may be conducted by telephone or in person and is free of charge. The initial meeting is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to each potential and current client.

The IAR may periodically rebalance the client’s account to maintain the initially agreed upon strategic and tactical asset allocation. However, no changes are made to the agreed-upon asset allocation in non-discretionary accounts without prior client review and consent.

Clients have ready access to their respective IAR. IAR’s are not required to be available for unscheduled or unannounced visits by clients. However, IARs are expected to periodically meet with clients and should generally be available to take client telephone calls on advisory-related matters.

### Additional General Information

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be recommended to clients or engaged directly by the client on an as-needed basis. Conflicts of interest related to recommendations of other professionals will be disclosed to the client in the event they should occur.

PWA's Agreements may not be assigned without client consent.

On more than an occasional basis, Patagonia Wealth Advisors, LLC furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that may include estate planning.

As of May 9, 2011, PWA does not currently manage any assets and does not maintain any clients, whether non-discretionary or discretionary. Furthermore, PWA does not currently participate, sponsor, or act otherwise as a portfolio manager for any wrap fee programs.

#### Ownership

PWA is 100% owned by its Parent Company, Patagonia Financial Holdings, LLC ("PFH"). Furthermore, PFH is owned by (2) Limited Liability Companies:

- Sapphire Capital, LLC (50%); and
- Between Rivers, LLC (50%).

## Item 5 – Fees and Compensation

#### Portfolio Management

Clients' portfolios may consist of a variety of financial products, including, but not limited to exchange-traded funds ("ETFs"), mutual funds, equities, bonds, and potentially other products. The investment strategies utilized and portfolios constructed and managed depend on the individual client's investment objectives and goals as provided to the IAR. Initial public offerings ("IPO's") are not available through PWA.

The annual Portfolio Management Services Agreement fee is based on a percentage of the investable assets according to the following schedule:

- 1.50% on the first \$1,000,000;
- 1.00% on the next \$4,000,000 (from 1,000,001 to 5,000,000); and
- 0.75% on assets exceeding \$5,000,000.

The minimum annual fee is typically \$1,000, yet is negotiable with each client. Client relationships may be established and exist where the fees are higher or lower than the fee schedules provided above.

#### Fixed Fee Agreements

PWA provides fixed fee advisory services for clients who need advice on a limited scope of work. The fixed rate for limited scope engagements varies depending on the work

that needs to be done and agreed upon with the client. All agreements involving a fixed fee will be consummated as part of an Advisory Agreement between the client and the Firm. PWA will debit such fees, as a result, in arrears on a quarterly basis. Some fixed fees may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

All fees are negotiable between the Firm and each client.

#### Additional Fee Information

Clients typically authorize the Firm to directly debit management fees from client accounts on a quarterly basis. Management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. With respect to the Funds, management fees and performance fees are automatically deducted monthly, quarterly and/or annually, as stated in each fund's private placement memorandum.

The Firm's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by fund managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic funds fees, and other fees and taxes on brokerage account and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

#### Termination of the Agreement

Although an Agreement between PWA and its clients are ongoing agreements and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party with a (30) thirty - day advance notice or as agreed upon otherwise between the client and the Firm.

If an agreement is terminated during a period in which the client has already paid PWA its advisory fees in advance, then the Firm will reimburse, on a pro-rated basis, the remaining advisory fees collected for any service not rendered; these fees will be sent to the client's address of record, unless otherwise directed by the client, within (30) days of termination of the agreement.

### **Item 6 - Performance-Based Fees and side-by-side management**

Not Applicable, in that PWA does not currently have any such agreements in place.

### **Item 7 - Types of Clients**

PWA provides portfolio management and/or advisory services to individuals, high net worth individuals, Trusts, and Corporations. The Firm ordinarily requires each account to have a minimum of \$250,000, although smaller amounts may be accepted and maintained at the discretion of the Firm.

## Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

### Methods and Investment Strategies

PWA's Security analysis methods include Cyclical, fundamental analysis, and technical analysis. Furthermore, the main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. Strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and other strategies.

### Risks of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks, amongst others:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling

companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Item 9 - Disciplinary Information

Investment Firms are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an Firm or the integrity of Firm's management. Firm has no information applicable to this Item. Please visit [www.advisorinfo@sec.gov](mailto:www.advisorinfo@sec.gov) at any time to view PWA's registration information and any applicable disciplinary action.

## Item 10 - Other Financial Industry Activities and Affiliations

PWA does not currently maintain any other industry affiliations material to its current business, although PFH is in the process of seeking FINRA ([www.finra.org](http://www.finra.org)) Membership approval for a proposed broker-dealer, Patagonia Securities, LLC ("PS"). If and/or when approved, PS will be a full service general securities broker-dealer and Member of FINRA/SIPC. Certain IARs, may recommend securities or insurance products offered through PWA in their capacity as representatives of PS. Such IARs may receive normal commissions as PS representatives if their clients purchase products through them. Thus, a conflict of interest may exist between the interests of these dual representatives and their clients. However, clients are under no obligation to purchase products recommended by their representatives.

## Item 11 - Code of Ethics

State and SEC regulations impose a fiduciary duty on Investment Firms. As a fiduciary, PWA has a duty of utmost good faith to act solely in the best interest of each of our clients. Our clients entrust us with their funds, which in turn places a high standard on



our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all of their dealings. This fiduciary duty is the core principle underlying our “Code of Ethics” and represents the expected basis of all of our dealings with our clients. The Code includes policies and procedures developed to protect client’s interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics and to avoid any actual or potential conflict of interest or any abuse of an employee’s position of trust and responsibility;
- The principle that investment Firm personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

We will provide a copy of the Code to any client or prospective client upon request at the contact information contained on the Cover Page of this Brochure.

## Item 12 - Brokerage Practices

As part of PWA’s relationship with its clients, its Investment Advisory Agreement provides that client may restrict the discretion and direct brokerage to any broker. The Firm is authorized in its Investment Advisory Agreement to select other securities brokers, unless the client directs otherwise in the Agreement. PWA does not have any referral agreements with broker-dealers at this time related to brokerage selection, although if PS is approved for membership, the potential for conflict exists in that PWA typically will refer all clients to its affiliated broker-dealer.

The selection of the broker-dealer will ordinarily be based on which broker is able to effect the transaction efficiently. Additionally, the research and services provided by the broker-dealer with respect to the particular type of investment may be a factor in the selection process. The commissions payable to such broker-dealers may in certain cases be higher than those attainable from other broker-dealers who do not provide such research and services. Ordinarily, such research will be used to service all of the Firm’s accounts. Under the Firm’s standard Investment Advisory Agreement, the client can revoke the Firm’s authority to select the broker-dealer for the accounts.

It is Firm’s policy not to enter into soft dollar arrangements and Firm has no formal soft dollar arrangements. Firm does not consider, in selecting or recommending broker-

dealers, whether Firm or a related person receives Client referrals from such broker-dealer.

### Item 13 - Review of Accounts

Account reviews are performed periodically, no less than quarterly by each IAR and by PWA's CCO or his/her designee. Account reviews are performed more frequently when market conditions dictate and as requested by PWA's clients.

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Account reviewers are members of the Firm's Compliance Department, with the assistance of IARs of the Firm. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis and where applicable, will receive an account statement or performance report no less than quarterly, and often monthly as activity dictates.

In addition to periodic reviews, Firm also performs reviews of its clients' accounts as appropriate based on changes in market conditions, security positions or changes in a clients' investment objective or policies.

### Item 14 - Client Referrals and Other Compensation

PWA, from time to time, receives client referrals, and such referrals often come from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources. Furthermore, PWA does not currently accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

### Item 15 - Custody

All assets are typically held at qualified custodians, which means that the custodians provide account statements directly to clients at their address of record at least quarterly. Therefore, aside from debiting fees from its clients' accounts to pay for services rendered, PWA does not maintain custody of its clients' funds.

### Item 16 - Investment Discretion

The Firm often receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Firm observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions are provided to Firm in writing.

### Item 17 - Voting Client Securities

PWA does not vote proxies on securities, thus, clients are expected to vote their own proxies.

### Item 18 - Financial Information

The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Also, Firm has not been the subject of a bankruptcy proceeding.

### Item 19 – Business Continuity and Information Security

#### Business Continuity Plan

PWA 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 persons. 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 are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients promptly after a disaster that dictates moving our office to an alternate location.

#### Privacy and Information Security

PWA maintains an information security program to reduce the risk that your personal and confidential information may be breached. Furthermore, PWA is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions

between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier and use other techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

## **Part 2b (Brochure Supplement Information)**

John Zeno, President, Chief Compliance Officer/Anti-Money Laundering Officer (CRD No. 2871575)

Mr. Zeno has 26 years of experience in the financial industry, including a long regulatory tenure with the FINRA. Prior to joining Patagonia, Mr. Zeno spent three (3) years as the President and CCO/AMLCO with Souza Barros Securities, Inc. ("SBS") (CRD No. 149032). Prior to joining SBS in April 2008, Mr. Zeno was employed the Florida District Office of FINRA. During his ten (10) year tenure with FINRA, Mr. Zeno reached the level of Special Investigator, which included conducting a variety of cycle and cause examinations on various types of broker-dealers. Mr. Zeno has also worked for various financial industry organizations, including Citigroup (f/k/a Salomon-Smith Barney), and The American Stock Exchange. While with the American Stock Exchange, Mr. Zeno monitored daily trading activity of Specialists, Floor Brokers, and Traders in order to ensure compliance with the rules and policies mandated by the Exchange and the Securities and Exchange Commission. Mr. Zeno's career has included an extensive history embedded in financial regulation and customer protection.