



Part 2A of Form ADV: FIRM BROCHURE

NPB Financial Group, LLC

3500 W. Olive Avenue, Suite 300

Burbank, California 91505

Phone: 818-827-7132

Fax: 818-450-0898

Website: www.npbfg.com

September 21, 2020

This brochure provides information about the qualifications and business practices of NPB Financial Group LLC, an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Please note that registration as an investment adviser with the SEC does not imply any level of skill or training. If you have any questions about the contents of this brochure, please contact Ms. Shirley Coria, shirley.coria@npbfg.com, at [\(818\) 827-7132](tel:8188277132). 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 NPB Financial Group, LLC also is available on the SEC's website at <https://adviserinfo.sec.gov/>

Item 2-Material Changes

This brochure contains the following material changes since our previous update dated May 31, 2020.

Item 9 (Disciplinary Information). On August 20, 2020, NPB Financial Group, LLC (“NPB”) entered into a settlement with the U.S. Securities and Exchange Commission (“SEC”) following the SEC’s inquiry into NPB’s disclosures concerning its mutual fund share class selection practices, its receipt of 12b-1 fees, and related conflicts of interest, during the period from January 1, 2014, through March 31, 2019 (the “Relevant Period”). NPB cooperated fully with the staff of the SEC regarding its inquiry. In furtherance of the settlement, without admitting or denying any findings, NPB consented to the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings (“Settlement Order”). See Item 9 for further details.

Item 3. Table of Contents

Table of Contents

Item 2-Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Financial Planning Services	5
Portfolio Management.....	5
Item 5- Fees and Compensation	7
Other Fees.....	8
Item 6- Performance-Based Fees and Side-By-Side Management	9
Item 7- Types of Clients	9
Item 8- Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9- Disciplinary Information	10
Item 10- Other Financial Industry Activities & Affiliations	11
Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12- Brokerage Practices	13
Directed Brokerage	13
Pershing Relationship	13
Principal and Agency Cross Transactions.....	14
Item 13- Review of Accounts	14
Item 14- Client Referrals and Other Compensation	15
Item 15- Custody	15
Item 16- Investment Discretion	15
Item 17- Voting Client Securities	16
Item 18- Financial Information	16
Paycheck Protection Program Loan	16



Item 4. Advisory Business

NPB Financial Group, LLC, ("NPB"), was founded in August 2005, and began doing business in January 2006. NPB was founded by Neal E. Nakagiri, Mark S. Pash and James H. Braziel. NPB is registered with FINRA as a general securities broker-dealer ("BD") and registered with the SEC as a Registered Investment Advisor ("RIA"). NPB, through its broker-dealer is registered to offer and sell securities, insurance, and annuities, and, through its RIA NPB offers investment advice.

Messrs. Nakagiri, Pash and Braziel are Member-Managers of NPB.

Mr. Nakagiri is the President and Chief Compliance Officer ("CCO"). He has been in the securities industry since 1976.

Mr. Pash is a Certified Financial Planner and maintains an office in Encino, California. He specializes in financial planning and has been in the securities industry since 1980.

Mr. Braziel is a Certified Financial Planner and maintains an office in Chico, California. He specializes in estate planning and has been in the securities industry since 1966.

Ms. Shirley Coria is Vice President and Chief Operating Officer. She has been in the securities industry since 1983.

Mr. Gary Ching is Vice President and Chief Financial Officer ("CFO"). He has been in the securities industry since 1986.

Mr. Frank Chan is Vice President and Chief Marketing Officer. He has been in the securities industry since 1994.

Mr. Ivan Parry is Assistant Vice President, Compliance. He has been in the securities industry since 1990.

Messrs. Nakagiri, Pash, Braziel, Ching, Chan and Ms. Coria are equity owners of NPB in varying percentages.

As of August 31, 2020, NPB has approximately fifty (50) men and women who are registered to offer investment advice relating to securities and investments to the public. They are also dually registered as Registered Representatives under NPB's broker-dealer registration. They work in various offices located in Arizona, California, Idaho, Nevada, North Carolina, and Utah.

NPB's registered investment adviser representatives ("IA Affiliates"), in their capacity as registered representatives and/or licensed insurance agents, may offer securities and insurance products and receive commissions as a result of such transactions, which presents a conflict of interest because the IA Affiliate has an interest in making commissions.

Based on your specific circumstances, such as, number of dependents and the age of the members in your household, your IA Affiliate may suggest the need to increase or decrease the amount of insurance you hold.



Financial Planning Services

NPB provides investment advisory services in the form of financial planning. Clients receiving this service will receive a written report providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. In general, the financial plans address a number of areas, including existing financial position, protection of assets, investment planning, income tax planning, retirement planning, and estate planning. These financial planning services apply to a client's financial situation only at the time of purchase. The engagement terminates upon delivery of the financial plan. A periodic review of the client's situation is strongly recommended to ensure that the plan continues to adequately address the client's needs and objectives. The client will be required to pay an additional fee for each periodic review. NPB and the investment adviser representative ("IAR") will not have any discretionary investment authority when offering financial planning.

These services are based on hourly, asset-based, or fixed fees as determined at the time of engagement and documented within the Investment Advisory Agreement.

Portfolio Management

As of September 21, 2020, NPB managed approximately \$86,275,831 on a discretionary basis. As a discretionary investment advisor owing a fiduciary duty to these clients, NPB has the authority to supervise and direct the portfolio management of a client's account without prior consultation with the client, including the authority with respect to the purchase and sale of securities, and the engaging of, and termination of, per our written agreement with them.

As of September 21, 2020, NPB managed approximately \$145,077,999 on a non-discretionary basis. For these clients, NPB can only act on behalf of clients upon their express instructions. In such case, we cannot act on the clients' behalf in the event of a volatile market with price swings that affect, negatively or positively, the values of the clients' holding. Any action taken must first be approved by the clients.

NPB offers investment advice about securities and other investments through its registered IA Affiliates. Investment advice can be financial planning, estate planning, or other types of investment planning tailored to the goals and objectives of our clients. Our clients include individuals, high net worth individuals, trusts, estates, retirement plans, corporations, and other business entities. NPB will provide our disclosure brochure ("Brochure") and Client Relationship Summary to you when we enter into an Investment Management Agreement ("IMA") with you both annually, and whenever there is a material change.

Clients may impose reasonable restrictions on the management of their accounts, such as restrictions on investing in certain securities or types of securities. Each client should note, however, that restrictions imposed by a client can adversely affect the composition and performance of the client's investment portfolio. Each client should also note that each investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals, and/or risk tolerance will differ, and clients should not expect that the composition or performance of their



investment portfolios would necessarily be consistent with those of other clients of NPB. Clients should also be aware that under the terms of each program and any separate agreement between the client and a third-party portfolio manager, the third-party manager is not obligated to accept limitations on its authority.

If agreed to by the client, NPB will act as a solicitor and retain a third party to provide advisory services to its clients. Those third-party investment advisors are registered with the SEC and/or appropriate states. A referred client will enter into an IMA with both NPB and that other firm, such as GE Private Asset Management, Inc., SEI Investments Management Corporation, and Beacon Capital Management, Inc. NPB will receive from the third-party a portion of the investment management fee that is paid by the client. NPB in-turn passes a portion of the fee to the IA Affiliate. Such fee-sharing is disclosed in writing at the time the account is set up. This relationship does not affect the fees agreed to by clients. The clients are provided the Brochure for the third-party investment advisor, in order to understand the nature of the business of that investment advisor more completely.

Information about each individual IA Affiliate is found in the specific Brochure Supplements and must be provided to clients when they open an account, or when the Brochure Supplement is updated.

Some of our IA Affiliates are registered as attorneys, accountants, real estate agents and other professional licensees. These individuals, in their capacity as IA Affiliates, cannot offer advice such as legal or tax advice. Any provision of such advice must be done pursuant to a separate agreement with the IA Affiliate in these other capacities. Such fees are separate from the advisory fee charged to clients. For those IA Affiliates that engage in real estate transactions, they can recommend that clients engage in 1031 real estate exchange transactions; the IA Affiliates will receive commissions on the real estate transactions.

Some of our IA Affiliates will manage funds and securities for clients on a discretionary basis. "Discretionary basis" means that pursuant to a written Investment Management Agreement ("IMA"), the client and the IA Affiliate agree on an investment philosophy, strategy, and objective at the outset of the relationship. The decision to buy or sell any particular security is left to the discretion of the IA Affiliate, who does not have to contact the client to discuss the purchase or sale of a security before its execution. Fees, charges, and costs are set forth in the IMA. The method of payment is a monthly or quarterly fee, calculated as a percentage of the current value of the investment portfolio on a monthly or quarterly basis, and charged in advance. NPB has a number of clients under prior agreements that are charged in arrears, however, new clients all are charged in advance. Other payment arrangements can be negotiated between the client and the IA Affiliate, including, but not limited to, hourly financial planning fees and project fees.

Some of our IA Affiliates will manage funds and securities for clients on a non-discretionary basis. An IMA is completed, but the client and the IA Affiliate must agree beforehand each time a purchase or sale of a security occurs. In such case, we cannot act on the clients' behalf in the event of a volatile market with price swings that affect, negatively or positively, the values of the clients' holding. Any action taken must first be approved by the clients. Fees, charges, and costs are set forth in the IMA. In addition to



monthly or quarterly fees based on the current value of the investment portfolio, an hourly fee, fixed fee, or project fee can be agreed upon for services other than those contemplated in the IMA.

The range of fees is 0.50% to 3% on an annualized basis. Hourly fees and project fees are negotiated between the client and the IA Affiliate at the time the service is agreed to be provided.

The purchase of a security that generates a brokerage commission or service fee, payable to NPB in its capacity as a broker-dealer, creates a conflict of interest. NPB and the IA Affiliate will receive normal and customary brokerage commissions, including mutual fund 12b-1 fees, variable annuity trail commissions and similar brokerage-related revenues, when securities are bought or sold when acting in a broker-dealer capacity.

Full disclosure of the brokerage commission, variable annuity trail commission, etc. will be made by the IA Affiliate prior to, or at the time of, execution of the IMA. If a purchase of a security results in a brokerage commission, or trail commission, the IA Affiliate has the discretion to waive or otherwise credit and offset, any investment advisory fee that is due and payable.

Item 5- Fees and Compensation

As stated in the prior Section regarding Investment Advisory Business, the IMA will set forth in writing a particular fee schedule, stated as a percentage of the Assets Under Management ("AUM") for the particular client. The fee is charged monthly or quarterly, in advance (or in arrears for certain current clients) and is deducted from the account by the custodian.

While NPB prefers to have the custodian deduct the advisory fees from the clients' accounts, certain current clients pay fees via check. For these check-paying clients, NPB reserves the right to charge interest for any late fee payments.

Fees are first calculated by the IA Affiliate, who submits the calculations to NPB for verification. NPB then notifies the custodian to deduct the fees from clients' accounts.

The IMA specifies whether there are any additional fees, costs, or charges, in connection with managing the client's portfolio. This could include fee and charges for costs imposed on NPB or the IA Affiliate by NPB's clearing firm, Pershing LLC, or a third-party service provider, such as the U.S. Post Office. Full written disclosure of such additional fees and charges will be included as part of the IMA. Pershing charges a \$20 transaction fee which is paid by the IA Affiliates. This fee causes a conflict in that IA Affiliates can recommend transactions that do not incur the Pershing trading fee.

For those clients paying fees in advance, who wish to close their advisory account, a pro-rata refund will be provided promptly.

The purchase of a security that generates a brokerage commission payable to NPB and the IA Affiliate, creates a conflict of interest. NPB is dually registered as a broker-dealer and an investment advisor. Many IA Affiliates are dually registered as IA Affiliates and Registered Representatives of the NPB broker-dealer. NPB and its IA Affiliates will receive normal and customary brokerage commissions when securities are bought while acting in a broker-dealer and Registered Representative capacity, however,



IA Affiliates are prohibited from collecting a brokerage commission for a product recommended in their advisory capacity.

Other Fees

Clients are responsible for custodial fees and transaction costs.

NPB'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, third party investment providers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to NPB's fee, and NPB shall not receive any portion of these commissions, fees, and costs.

Upon client request, we will assist with special projects which may involve lengthy research and/or communication with the client's attorney or tax advisor. Fees for such services are based on a negotiated hourly rate, due at the time of service.

Full disclosure of the brokerage commission, trail commission and the like, will be made prior to, or at the time of, execution of the IMA. If a purchase of security results in a brokerage commission or trail commission being paid to NPB and the IA Affiliate, the IA Affiliate has the ability to, but is not obligated to, waive, or otherwise credit or offset, any investment advisory fee that is due and payable, however, IA Affiliates are prohibited from collecting a brokerage commission for a product recommended in their advisory capacity.

NPB, acting in the client's best interest, will seek to recommend the purchase of a mutual fund of the lowest cost share class that is available at the time of purchase. If a different share class is recommended to be purchased, the IA Affiliate is required to disclose that fact, plus the reason for recommending the purchase of the other share class. This conflict of interest disclosure must be done in writing, within the IMA, and therefore, agreed to by the client.

We note that, effective March 19, 2020, NPB prohibits the recommendation, or unsolicited client purchase, to clients that they purchase a mutual fund share class that generates a 12b-1 fee for an RIA client who opens and maintains an RIA account with NPB on NPB's Pershing account platform. This prohibition does not apply to a client's purchase of a mutual fund share class that generates a 12b-1 fee, if the purchase is executed "away" from NPB (i.e., the purchase is executed at another FINRA broker-dealer, such as Schwab, Fidelity, etc.), and NPB does not receive any part of the resultant 12b-1 fee that is paid to the other FINRA broker-dealer.

We also note that current NPB clients with mutual funds that generate 12b-1 fees may be given a recommendation to switch to a lower cost share class. Thus, for clients remaining in the 12b-1 fee fund, NPB and the IA Affiliates will continue to collect these fees, which can result in the clients paying higher fees than if they were moved to a lower cost share class. For new NPB clients that held 12b-1 fee funds while they were with a previous adviser, NPB will work with them to find a lower cost fund that does not

charge the fee. A mutual fund share class with a 12b-1 fee will have a lower investment return than a mutual fund share class without a 12b-1 fee.

Item 6- Performance-Based Fees and Side-By-Side Management

NPB does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client). Nor does NPB engage in side-by-side management.

Item 7- Types of Clients

Our clients include individuals, high net worth individuals, trusts, estates, retirement plans, corporations, and other business entities.

NPB has no minimum requirements in terms of size of the account for any client. Some of our IA Affiliates, do, however, require a certain type of client and/or size of account. That determination is left to the discretion of the IA Affiliate.

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

NPB uses a combination of methods of analysis when studying securities. The methods work together to assist us in determining whether to, or when to, buy or sell a security. We generally use the following methods of analysis:

Fundamental Analysis – the study of the security as an operating business. When we buy or sell a security of a company, we are taking or disposing of ownership in that business. Therefore, we try to determine the value of that business by applying ratios relative to a security's price as it relates to earnings, debt, cash flow and other data. Fundamental analysis considers current and projected business growth and income and their expected impact on the value of the company and its related securities. Consideration is also given to management's effectiveness in achieving company objectives, product markets, intellectual property, barriers to entry, and other competitive advantages.

Technical Analysis – the method of evaluating stocks and securities based on statistical data reflected by market activity. It relies on historical trends (short and long-term trends) relative to price, security price changes and the trading volume involved. We use technical analysis in conjunction with fundamental analysis.

Charting Analysis – a tool of technical analysis. It tracks the price of a security over time to determine a trend. We look at stock charts to decide if there is a short or long-term pattern or trend. Charting can aid in determining when to buy or sell.

Cyclical – a tool of economic cycle analysis. We look for business and economic indicators to determine where we believe we are in a particular economic cycle and then determine which types of securities would be expected to flourish in such an environment. We also use this to determine when it would be appropriate to sell securities that have run their course and need to have their capital reallocated to more advantageous sectors.

The risks associated with using these methods of analysis have to do with changing information. The fundamentals of a company can change as a result of internal factors such as reorganization, departing leadership or product failure. Company fundamentals may also be affected by outside factors such as economic, environmental, or political climate changes. These changes can, in turn, cause changes to the technical data we rely on to make our investment decisions, and ultimately the direction we expected the stock price to go. Past performance is not indicative of future performance.

IA Affiliates use one or more of these above-listed methods. They read and interpret financial news, corporate reports, research reports, corporate ratings services, company filings with the SEC and company press releases. They listen to conference calls and webinars that discuss various investments, products, strategies, and domestic and foreign financial news. They attend conferences, symposiums and meetings that cover financial and securities industry news, latest developments in product design and economists' viewpoints and analysis. IA Affiliates attend meetings and conferences that give them insight into designing investment strategies suitable to clients.

Investment strategies are tailored to each client, and can be designed for growth, income or a combination of growth and income. There are clients that primarily seek preservation of principal. There are also clients that want to be more aggressive in their investing. It is up to the client and the IA Affiliate to come to an understanding of the type of investment strategy, or strategies, to be used, as well as the type of investment products to be used—as certain strategies and products increase or decrease the risk of loss of principal in the short or long term.

Item 9- Disciplinary Information

On August 20, 2020, NPB entered into a settlement with the U.S. Securities and Exchange Commission ("SEC") following the SEC's inquiry into NPB's disclosures concerning its mutual fund share class selection practices, its receipt of 12b-1 fees, and related conflicts of interest, during the period from January 1, 2014, through March 31, 2019 (the "Relevant Period"). (Administrative Proceeding [File No. 3-19918](#)) NPB cooperated fully with the staff of the SEC regarding its inquiry. In furtherance of the settlement, without admitting or denying any findings, NPB consented to the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings ("Settlement Order").

The Settlement Order finds that we did not expressly disclose in our Forms ADV or otherwise conflicts of interest and facts related to our mutual fund share class selection practice, and our receipt of 12b-1 fees from mutual funds purchased, recommended, or held for investment advisory clients when lower-cost share classes of the same funds that did not pay 12b-1 fees were available to our clients during the Relevant Period. The Settlement Order also finds that we breached our duty to seek best execution of transactions involving mutual fund share classes that paid 12b-1 fees during the Relevant Period. Additionally, the Settlement Order finds that we did not adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Investment Advisers Act of 1940, as amended ("Advisers Act") in connection with our mutual fund share class selection practices.

The Settlement Order finds that as a result of the foregoing conduct, we violated certain sections of the Advisers Act and rules promulgated thereunder, and imposed upon us: (i) a cease and desist order preventing us from committing or causing any violations and any future violations of Sections 206(2) and

206(4) of the Advisers Act and Rule 206(4)-7 thereunder; (ii) a censure; and, (iii) a requirement that we pay disgorgement of \$532,519.96 and prejudgment interest thereon in the amount of \$92,668.15, and a civil penalty of \$425,000. The disgorgement amount represents our receipt of 12b-1 fees during the Relevant Period. The disgorgement funds and prejudgment interest thereon will be paid to our clients who maintained investment advisory accounts with us during the Relevant Period. The civil penalty will be paid to the SEC.

As part of the Settlement Order, NPB also agreed to the following undertakings to: (i) Review and correct as necessary all relevant disclosure documents concerning mutual fund share class selection and 12b-1 fees; (ii) Evaluate whether existing investment advisory clients should be moved to a lower-cost share class and move clients, as necessary; (iii) Retain the services of an Independent Consultant to conduct a comprehensive review of our current disclosures, policies, procedures, systems, and internal controls with respect to third-party compensation received in connection with investment advisory clients' investments.

In addition to our undertakings, although not required in the Settlement Order, effective March 19, 2020, we have established a new policy whereby we will no longer allow the purchase of any mutual fund share class by our investment advisory clients that generates a 12b-1 fee.

On November 17, 2017, NPB in its capacity as a broker/dealer was censured and fined \$35,000, for violations of NASD Rule 3010 and FINRA Rule 2010, for failing to establish, maintain and enforce adequate written supervisory control policies and procedures. (See FINRA case file 2014038994601). A Letter of Acceptance, Waiver and Consent was issued ("AWC"). Without admitting or denying the findings, NPB consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce adequate written supervisory procedures ("WSPs") for the review of email. The findings stated that NPB's WSPs were deficient because they did not specify the amount of email required to be reviewed, how NPB would supervise the review of email, the timing and frequency of such supervision, or how such supervision was to be documented. Additionally, the WSPs failed to identify a process by which the emails of NPB's president, chief executive officer ("CEO"), and Chief Compliance Officer ("CCO") were to be reviewed, and as a result, NPB did not review this individual's emails. At least three of NPB's representatives used non-NPB email addresses for NPB business purposes. By failing to enforce this policy, NPB failed to adequately supervise its representatives' written communications. The findings also stated that NPB's WSPs for the supervision of producing managers were deficient because they did not address how NPB would supervise the securities business of its producing managers, the timing and frequency of such supervision or how such supervision was to be documented. As a result, NPB improperly permitted some of its producing managers to approve their own transactions and to approve new account forms of their own customers. NPB also prepared and submitted reports and certifications that were inadequate because it had failed to conduct sufficient testing or verification of its supervisory procedures. (FINRA Case #2014038994601)

Item 10- Other Financial Industry Activities & Affiliations

NPB is registered as a broker-dealer with the SEC, FINRA and various States.



NPB is a member firm of the Municipal Securities Rulemaking Board ("MSRB") and the Securities Investor Protection Corporation ("SIPC").

An IA Affiliate can be a member of a professional or academic association, including, but not limited to, holding the designation of Certified Financial Planner.

As stated previously, some IA Affiliates are licensed as an attorney, accountant, real estate agent, or insurance agent. Please see the Individual's Brochure Supplement for more detailed information about any particular IA Affiliate.

Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

NPB has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits NPB employees and IA Affiliates to invest for their own personal accounts in the same securities that are in NPB's clients' accounts. It is even possible for an IA Affiliate to trade in their personal account in a manner contrary to how the IA Affiliate recommends client trades in their personal account. This presents a conflict of interest because trading by an IA Affiliate in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. NPB addresses this conflict of interest by requiring in its code of ethics that NPB employees and IA Affiliates report certain personal securities transactions and holdings to NPB. NPB has procedures to review personal trading accounts. Employees and IA Affiliates are also required to obtain pre-approval for investments in private placements and initial public offerings.

IA Affiliates agree to abide by NPB's Code of Ethics. The Code of Ethics requires that an IA Affiliate will avoid conflicts of interest where possible and will disclose actual and potential conflicts of interest to the client. The Code sets forth the principle that the IA Affiliate owes a fiduciary duty to the client while conducting their own personal affairs, including avoiding serving their own personal interests ahead of clients, avoiding the taking of inappropriate advantage of their position with NPB, and avoiding any actual or potential conflicts of interest, or any abuse of their position of trust.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition against insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees and IA Affiliates of NPB must acknowledge, in writing, that they have read, understand, and will comply with the terms of the Code of Ethics.

Neither NPB nor any related person recommends to clients, or buys or sells for client accounts, securities in which NPB or a related person has a material financial interest.

A copy of NPB's Code of Ethics is available to any client or prospective client upon request.

Item 12- Brokerage Practices

Directed Brokerage

Clients do not have the option to direct securities brokerage transactions to other broker-dealers or other account custodians. Orders for client account shall be entered through NPB acting as a broker-dealer. This creates a conflict of interest as NPB brokerage receives payments for executing transactions for the NPB RIA. There can be no assurance that NPB's fees will be less than that of other broker-dealers. Thus, fees obtained by the NPB broker-dealer may be higher or lower than commissions charged by other broker-dealers. In an effort to mitigate any such conflict, NPB reviews for best execution by the executing broker-dealer.

In addition, the purchase of a security that generates a brokerage commission payable to NPB and the IA Affiliate, creates a conflict of interest. NPB is dually registered as a broker-dealer and an investment adviser. Many IA Affiliates are dually registered both as IA Affiliates of NPB advisory and as Registered Representatives of the NPB broker-dealer. NPB and its IA Affiliates will receive normal and customary brokerage commissions when securities are bought while acting in a broker-dealer and Registered Representative capacity. NPB has controls in place to review activity of its IA Affiliates to prevent the prohibited practice known as "double-dipping" whereby a representative is paid both an advisory fee and a commission on the same transaction.

Further, NPB has controls in place to ensure that the IA Affiliates clearly identify to clients when they are acting in a brokerage capacity and when they are acting in an advisory capacity. NPB also has controls in place to ensure that its IA Affiliates are acting in the best interest of NPB clients to ensure the suitability of transactions recommended.

Some of the referral arrangements with third-party investment advisors mentioned earlier, require the use of certain broker-dealers as part of that arrangement. Clients should carefully read disclosures provided and ask questions about such arrangements and their associated fees and costs, in order to fully understand the use of such required broker-dealers.

Pershing Relationship

Pershing is the clearing firm for our brokerage business. Due to this business relationship, Pershing shares with us a portion of the transaction costs and fees you pay to Pershing for certain transactions and services. This additional compensation we receive in connection with certain transactions and services is an additional source of compensation to NPB. This compensation to NPB presents a conflict of interest because NPB and your IA Affiliate to have a greater incentive to make available, recommend, or make investment decisions regarding investments and services that provide additional compensation to NPB and your IA Affiliate over those investments and services that do not. Pershing also provides consulting and other assistance to us. We also participate in other revenue Pershing is paid on the assets held in your account. Your advisory fee is not reduced or offset as a result of any revenue that Pershing shares with us. The following is a brief description of some of the revenue items received from Pershing. Pershing receives revenue from money market funds that NPB makes available as a cash sweep option, and for nonretirement accounts that choose to invest cash in such a money market fund Pershing shares some of that revenue with us. Pershing, to help defray costs associated in transferring certain client

accounts onto NPB's platform custodied at Pershing, reimburses NPB a portion of the termination and transfer fees incurred by a client account that qualifies for such assistance. NPB credits such reimbursements to the applicable Client's account. In addition, Pershing may, from time to time, waive or discount certain customary fees and expenses in an effort to help attract client accounts and assets. Additionally, we receive the short-term redemption fees that Pershing charges you for certain mutual fund shares that are redeemed within six calendar months. This compensation is a source of revenue to NPB and presents a conflict of interest whenever IA Affiliate recommends that you redeem a FundVest mutual fund within six calendar months because NPB receives a financial benefit from such transaction. This compensation, however, is retained by NPB and is not shared with your IA Affiliate, so your IA Affiliate does not have a financial incentive to recommend certain FundVest mutual funds be redeemed within six calendar months over other investments. In addition to the compensation disclosed elsewhere in this document, Pershing pays us additional incremental compensation based on the aggregate AUM, number of accounts, and securities transactions executed through Pershing for all client accounts (each a "Benchmark" and collectively "Benchmarks"). The additional compensation associated with reaching each Benchmark presents a conflict of interest, because whenever NPB reaches a Benchmark it receives a financial benefit which creates a financial incentive for us to reach each Benchmark. This compensation is retained by NPB and is not shared with your IA Affiliate. Your IA Affiliate does not have a financial incentive to reach these Benchmarks. Finally, under our contract with Pershing, there is a termination fee schedule with amounts that decrease over time, which provides a financial incentive for us to continue maintaining our relationship with Pershing.

Principal and Agency Cross Transactions

In its capacity as an investment advisor, NPB's policy is that NPB will not participate in principal or agency cross transactions.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account.

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions occur where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, such as NPB.

Item 13- Review of Accounts

Client accounts are monitored, by each IA Affiliate, daily, weekly, monthly, or quarterly, depending on the type of investment and current economic conditions,. Regular reviews are made when significant changes in the investment markets or economic conditions indicate a need for reallocation of investments or when certain pre-established percentage changes occur and indicate moves in or out of the investments. These percentages (or other parameters) are discretionary and are established after consultation with the client by each IA Affiliate and vary depending on the type of investment. A



reallocation will be made if the client's investment objective or financial situation changes, or if economic or market conditions change.

A detailed report is provided by the custodian to the client periodically, and/or on an ad hoc basis, depending on the client's specific needs or requests. The report will reflect the current value of the portfolio. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients are advised to always compare those reports to the ones provided by the qualified custodian; the custodian's reports are the official records of the accounts.

A supervisor will review the work of the IA Affiliate, as assigned.

Item 14- Client Referrals and Other Compensation

NPB has no arrangements to pay unrelated third parties for client referrals.

Item 15- Custody

NPB and its IA Affiliates do not hold or maintain custody of any client funds or securities. Funds and securities are held by Pershing LLC as a custodian and clearing firm for NPB brokerage. Mutual fund companies, annuity companies, real estate companies and other financial institutions hold funds or securities as investments are made. Client accounts through third-party advisers will have custody maintained at Schwab and other FINRA broker-dealers.

It is the custodian's responsibility to provide, directly to clients, confirmation of trading activity, tax forms and at least quarterly account statements. Clients are advised to review, and maintain, this information carefully, and to notify NPB of any questions or concerns. NPB will ensure that confirmations and statements are provided by the clearing firm to the clients.

Item 16- Investment Discretion

All grants of discretionary authority must be in writing. If a client wishes to impose reasonable limitations on NPB's discretionary authority, such limitations must be included in the client agreement or otherwise submitted to us in writing. The client can change or amend these limitations, as desired, by written instruction to the attention of our CCO by email at Shirley.coria@npbfg.com, and can be reached at 818-827-7132, or by mail to the address shown on the cover page of this Brochure. Clients should be aware that under the terms of each program and any separate agreement between the client and a third-party portfolio manager, the third-party manager is not obligated to accept limitations on its authority.

Where NPB receives discretionary authority from the client this authority allows NPB to determine the securities bought or sold, the amount of securities bought or sold, and which brokers to transact through without having to get the client's consent for each transaction. Under this authority, clients allow us to:



- Purchase and sell stocks, bonds, mutual funds, exchange traded funds, master limited partnerships, unit trusts, money market funds (or other cash equivalent holdings) in clients' accounts,
- Arrange for delivery and payment in connection with such purchases and sells, and
- Act on clients' behalf in most matters necessary or incidental to handling the account, including monitoring certain assets.

Item 17- Voting Client Securities

NPB will not vote any proxies for securities or exercise voting rights pertaining to investments in client accounts (including without limitation matters relating to conversions, exchanges, mergers, stock splits, rights offerings, recapitalizations, and reorganizations).

Item 18- Financial Information

Paycheck Protection Program Loan

On May 5, 2020, NPB accepted \$141,097 from the federal government subject to the Federal Payment Protection Program to help pay its staff. The PPP loan was designed to help businesses keep employees on payroll amid the turmoil and uncertainty created by the COVID-19 pandemic. Because of the significant turmoil experienced in the financial services industry and the uncertainty regarding the length of time companies could be impacted by stay-at-home orders, remote arrangements, and barriers to face-to-face client interactions, NPB felt it was prudent to apply for the loan. NPB plans to meet all of the terms of the PPP Loan so that the loan can be forgiven partially or in full based on PPP guidelines and calculations.

NPB believes that there are no current financial circumstances that would impede our ability to serve our clients.

NPB files an audited financial statement with the SEC, FINRA and State regulators. A copy of the NPB Financial Group, LLC audited balance sheet and income statement for December 31, 2019, as filed with the SEC, can be obtained by contacting Shirley Coria, VP and COO. Her e-mail is Shirley.coria@npbfg.com, and can be reached at 818-827-7132.

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

NPB has not been the subject of a bankruptcy petition.