

**Form ADV Part 2A**

**Item 1: Cover Page**

**TESSARA FINANCIAL ADVISORS, INC**

**CRD #113010**

100 Larkspur Landing Circle, Suite 200  
Larkspur, CA 94939  
Phone: (415) 925-1100

[www.tessaraadvisors.com](http://www.tessaraadvisors.com)

January 29, 2021

This brochure provides information about the qualifications and business practices of Tessara Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us [larry@tessaraadvisors.com](mailto:larry@tessaraadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about TESSARA FINANCIAL ADVISORS, INC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 2: Material Changes****Annual Update**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Tessara Financial Advisors will notify clients of material changes on an annual basis; however, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. Since our 2020 Annual Amendment, dated April 30, 2020, there are no material changes to report.

**Full Brochure Availability**

Tessara Financial Advisors may at any time, update this Brochure and either send you a copy of the amended document or offer to send you a copy (either by electronic means, email or by hard copy). A copy of this Brochure may be downloaded directly from the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 415-925-1100 or by email at [larry@tessaraadvisors.com](mailto:larry@tessaraadvisors.com).

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**Item 4 - Advisory Business**

Tessara Financial Advisors, Inc. (“**Tessara Advisors**”), is applying to become an SEC-registered investment adviser. Its principals, Lawrence Krause, and Gisela Lake are licensed securities brokers with KW Securities Corporation, an affiliated fully disclosed Broker-Dealer, member FINRA and SIPC.

Tessara provides comprehensive financial planning and private wealth advisory services to individuals and couples, salaried executives, small business owners, retirees, and non-profit organizations. These services usually include the following:

- Comprehensive analysis of all assets
- Methods to accumulate and preserve wealth
- Retirement planning and projections
- Tax (including tax deferral) and estate planning
- Funding for children’s education
- Risk transfer

The financial planning process includes one or more personal meetings, and ultimately the collection of personal and financial information, determination of goals and objectives, and assessment of risk tolerance. Included is a review of the client’s assets, liabilities, living expenses, estate plan, existing investment strategies, benefit programs and insurance coverage.

Specific recommendations are aligned with the client’s risk profile and return requirements are made with the goal of improving the clients' overall financial situation. Once a strategic plan is approved by the client, Tessara Advisors can offer various methods of implementation:

Depending upon the client’s stated objectives, clients are provided wealth management services, with the overall goal of creating a diversified investment program. Recommendations can include fixed income securities, U.S. Treasuries, municipal bonds, various insurance products, U.S. and foreign-based equities, and mutual funds.

Based upon the client’s financial goals, risk parameters and biases, the allocation among the various asset classes will vary. While not required for client use, Tessara Advisors may utilize the broker-dealer KW Securities Corporation (an affiliated fully disclosed broker-dealer) for the implementation of some of the investment recommendations. Securities are then held in the client’s name at RBC Capital Markets, LLC, member NYSE, FINRA, SIPC.

Ongoing management, account reviews, and client communications are designed to assure the appropriate asset mix and risk postures are maintained in accordance with the client’s wishes. Clients may impose restrictions on investing in certain securities or types of securities.

Tessara Advisors is not an accountant or attorney and does not give legal or tax advice. Tessara Advisors, Inc. hereby notifies clients that:

- a. a conflict may exist between the interests of the investment adviser and the interests of the client;
- b. the client is under no obligation to act upon the investment adviser's recommendations; and
- c. if the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through the investment adviser.

Tessara Advisors does not currently participate in WRAP fee programs. As of December 31, 2020, Tessara Advisors managed \$172,799,071 in discretionary client assets, \$4,740,010 in non-discretionary assets

## Item 5 - Fees and Compensation

An annual advisory service fee is charged at the beginning of the month of each quarter and is based on the value of the advisor account. If the account is opened after the start of the quarter, a pro-rated fee will be applied. The normal fee schedule is as follows, but may vary among clients:

- |                                     |                             |
|-------------------------------------|-----------------------------|
| • 1.25% annually (.3125% quarterly) | up to \$1,000,000           |
| • 1.00% annually (.25% quarterly)   | \$1,000,001 to \$2,000,000  |
| • .85% annually (.2125% quarterly)  | \$2,000,001 to \$5,000,000  |
| • .70% annually (.1375% quarterly)  | \$5,000,001 to \$10,000,000 |
| • Negotiable                        | \$10,000,001 and Above.     |

The fee is charged only against investment assets which Tessara Advisors advises. Assets such as real estate holdings or limited partnerships or LLCs and the like, would not be charged unless approved by the client.

Currently, Mr. Krause's billable hourly rate is \$325; Ms. Lake's hourly rate is \$275, and the Administrative Department hourly rate is \$75. Should the client choose to execute any transactions through KW Securities Corporation and RBC Capital Markets, LLC at no time will there be a separate commission charge for any stock, bond, or mutual fund transaction.

However, RBC Capital Markets, LLC will assess an annual fee and charge the client account on a quarterly basis at the beginning of each quarter. The additional annual fee is calculated as follows:

- |                           |                 |
|---------------------------|-----------------|
| • \$25,000-\$99,999       | 35 basis points |
| • \$100,000-\$249,999     | 25 basis points |
| • \$250,000-\$499,999     | 18 basis points |
| • \$500,000-\$999,999     | 13 basis points |
| • \$1,000,000-\$1,999,999 | 11 basis points |
| • \$2,000,000-\$2,999,999 | 9 basis points  |
| • \$3,000,000-\$4,999,999 | 7 basis points  |
| • \$5,000,000-\$9,999,999 | 5 basis points  |
| • \$10,000,000 and above  | Negotiable      |

Based on the provisions of the management agreement with clients, unless otherwise specified, RBC Capital Markets will automatically deduct the fees from the client account. In accordance with California Code of Regulations Section 260.238(j), Tessara Advisors hereby discloses to clients that lower fees for comparable services may be available from other sources.

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

Tessara Advisors does not have performance-based fees or side-by-side management arrangements.

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

Tessara Advisors provides complete financial planning and wealth management services to individuals and couples, salaried executives, small business owners, professionals, and retirees. In addition, services are available for IRAs, pensions and profit-sharing plans, trusts, non-profit organizations and estates.

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

A fundamental evaluation of factors affecting investment decisions includes (but not limited to) economic growth potential, interest rate trends, currency movements, government regulatory and tax policy, and budget deficits. Based upon these factors, an assessment is made to both the short and long-term prospects of various asset classes and their identification to include in client portfolios.

#### **Investment strategies**

Less volatile fixed-income assets are combined with growth-oriented and inflation hedged investments in search of an optimal balance between safety and growth and the client's risk tolerance. Capital preservation is the priority but not at the expense of inflation and loss of purchasing power. The fixed income segment is allocated according to the expectation of rising or falling interest rates (short vs. long maturities) and an expanding or contracting economy (lower vs. higher grade credits).

Equity investments are diversified over a variety of market industries. And tactical allocation and/or modern portfolio theory may also be used.

#### **Risk Factors**

*All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Although Tessara Advisors advises assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. The investor should be prepared to bear the risk of loss.*

**Market Risks**

Competition. The securities industry and the varied strategies and techniques to be engaged in by the Adviser are extremely competitive and each involves a degree of risk. The Adviser will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staff.

Market Volatility. The profitability of the Adviser substantially depends upon it correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Adviser cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Adviser's Investment Activities. The Adviser's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors that are neither within the control of nor predictable by the Adviser. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Adviser to realize profits.

Material Non-Public Information. By reason of their responsibilities in connection with other activities of the Adviser and/or its affiliates, certain principals or employees of the Adviser and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Adviser will not be free to act upon any such information. Due to these restrictions, the Adviser may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information. The Adviser selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Investments in Undervalued Securities. The Adviser intends to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Adviser's investments may not adequately compensate for the business and financial risks assumed.

**Investment Risks**

Portfolios may invest substantially all of their available capital principally in securities, engages in short sales of securities and trades in options (including covered and uncovered puts and calls and over-the-counter options) and other derivative instruments, private securities and money market instruments. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially. In addition, such securities may be issued by unseasoned companies and may be highly speculative. The Fund's portfolio may not generate any income or appreciate in value.

Portfolio Turnover. The investment strategy of the Portfolio may require active trading of the portfolio, and as a result, turnover and brokerage commission expenses may significantly exceed those of other investment entities of comparable size.

Small-Cap Companies. The Portfolio may invest a portion of its assets in the stocks of companies with small market capitalizations. While Tessara Advisors believes these investments often provide significant potential for appreciation, those stocks involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than the prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Lack of Diversification. The Portfolio portfolios may not be widely diversified among sectors, industries, geographic areas or types of securities. Further, the portfolios may not necessarily be diversified among a wide range of issuers. Accordingly, the portfolios may be subject to more rapid change in value than would be the case if the Investment Vehicles were required to maintain a wide diversification among companies or industry groups.

Short-Sales. Tessara Advisors may sell securities short. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the portfolios. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Leverage. The Portfolio will use leverage by engaging in short sales, entering into swaps and other derivatives contracts and other leveraging strategies. Such leverage increases the risk of loss and volatility. In addition, the use of leverage requires the pledging of assets as collateral. Margin calls or changes in margin requirements can cause the Portfolio to be required to pledge additional collateral or liquidate the Portfolio holdings, which could require the portfolio to close positions at substantial losses that would not otherwise be realized.

Market or Interest Rate Risk. The price of most fixed income securities moves in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the Adviser holds a fixed-income security to maturity, the change in its price before maturity may have little



impact on the Adviser's performance; however, if the Adviser has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Adviser.

Fixed Income Call Option Risk. Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Adviser is exposed to reinvestment rate risk – the Adviser will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Adviser purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the Adviser is exposed to inflation risk because the interest rates the issuer promises to make is fixed for the life of the security.

Investments in Non-U.S. Investments. From time to time, the Adviser may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets;
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments;
- Foreign securities and other assets often trade in currencies other than the U.S. dollar, and the Adviser may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Adviser's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Adviser's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in the value or liquidity of the Adviser's foreign currency holdings. If the Adviser enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Adviser enters forward contracts for the purpose of increasing return, it may sustain losses;
- Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform

accounting, auditing, and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

**Lack of Liquidity.** The Portfolio may invest in thinly traded and relatively illiquid securities or those securities may not be traded at the time the Portfolio invest or may cease to be traded after the Portfolio invests. The Portfolio also may acquire significant positions in some securities. In such cases and in the event of extreme market activity, the Portfolio may not be able to liquidate its investments promptly if necessary. In addition, the Portfolio sales of thinly traded securities could depress the market value of those securities and thereby reduce the Portfolios profitability or increase its losses. Such circumstances or events could affect the Portfolios gain or loss materially and adversely.

**Risk of Default or Bankruptcy of Third Parties.** The Adviser may engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, the Adviser could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid.

## **Regulatory Risks**

**Strategy Restrictions.** Certain institutions may be restricted from directly utilizing investment strategies of the type in which the Adviser may engage. Such institutions, including entities subject to ERISA, should consult their own advisors, counsel, and accountants to determine what restrictions may apply and whether an investment in the Adviser is appropriate.

**Trading Limitations.** For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Adviser to loss. Also, such a suspension could render it impossible for the Adviser to liquidate positions and thereby expose the Adviser to potential losses.

**Conflicts of Interest:** In the administration of client accounts, portfolios, and financial reporting, the Adviser faces inherent conflicts of interest which are described in this brochure. Generally, the Adviser mitigates these conflicts through its Code of Ethics which provides that the client's interest is always held above that of the Firm and its associated persons.

**Supervision of Trading Operations.** The Adviser, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the portfolio accounts to ensure compliance with firm and client objectives. Despite the Adviser's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in portfolio accounts.

Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio.

Reliance on Management and Key Personnel. Investors have no right or power to take part in the management of Tessara Advisors. Accordingly, no investor should invest with Tessara Advisors unless such an investor is willing to entrust all aspects of management to Tessara Advisors. The investment performance of Tessara Advisors portfolios depends largely on the skill of key personnel of Tessara Advisors, including, in particular, its sub-advisors. If key personnel were to leave Tessara Advisors, it might not be able to find equally desirable replacements and the performance of the Tessara Advisors portfolios could, as a result, be adversely affected.

### **Security Specific Risks**

Liquidity. Liquidity is the ability to readily convert an investment into cash. Securities, where there is a ready market that is traded through an exchange, are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in the price level in a liquidation situation. The Portfolios may invest in thinly traded and relatively illiquid securities or those securities may not be traded at the time the Portfolios invest or may cease to be traded after the Portfolios invest. The Portfolios also may acquire significant positions in some securities. In such cases and in the event of extreme market activity, the Portfolios may not be able to liquidate its investments promptly if necessary. In addition, the Portfolio sales of thinly traded securities could depress the market value of those securities and thereby reduce the Portfolios profitability or increase its losses. Such circumstances or events could affect the Portfolios gain or loss materially and adversely.

Currency. 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.

Lack of Registration. LP interests have neither been registered under the Securities Act nor under the securities or "blue sky" laws of any state and, therefore, are subject to transfer restrictions.

Withdrawal of Capital. The ability to withdraw funds from LP interests is usually restricted in accordance with the withdrawal provisions contained in an Offering Memorandum. In addition, substantial withdrawals by investors within a short time could require a fund to liquidate securities positions and other investments more rapidly than would otherwise be desirable, possibly reducing the value of the fund's assets and/or disrupting the fund's investment strategy.

### **Item 9 - Disciplinary Information**

In 1997, the Securities & Exchange Commission found Lawrence A. Krause and Lawrence A. Krause & Associates to be in violation of SEC Rule 17(A) and Sections 10(b) and 10(B)5 in that Krause, acting through Lawrence A. Krause & Associates.

The violations stemmed from Krause, acting as a general partner of a limited partnership, borrowed funds without proper authorization from the partnership. The funds were repaid to the partnership plus interest each year in which funds were borrowed. The partnership did not suffer any damages. Mr. Krause was fined \$15,000 and suspended for a period of one year from October 1997 to October 1998. The fine was paid and

the terms of the suspension were fulfilled as ordered.

### **Item 10 - Other Financial Industry Activities and Affiliations**

Lawrence Krause and Gisela Lake are both registered with KW Securities Corporation, a registered Broker-Dealer in Securities, as principals of the firm. Lawrence Krause and Gisela Lake may also sell insurance through KW Financial Services Inc.

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

This Code of Ethics reflects our recognition of responsibility to our clients and all those with whom we come in contact regarding our services. It reflects our interest in maintaining the trust and confidence of our clients in a straightforward and honest fashion, with emphasis on their financial future.

The following principles shall be in effect at all times:

1. Emphasis shall be placed on the client's interest first.
2. Recommendations shall be made in an equitable fashion to all clients.
3. Firm principals shall remain up-to-date on current issues that reflect upon the recommendations given to clients.
4. Clients shall be referred to other professionals when it is in their best interest.
5. All services shall be performed in a professional manner that is fair and reasonable to clients and principals and all conflicts of interest shall be disclosed in providing services.
6. All information provided by a client shall be kept confidential and not disclosed without the proper authorization from the client unless in response to proper legal process, to defend against charges of wrongdoing or in connection with a civil dispute.
7. Due diligence shall be performed in the rendering of professional services, including investment recommendations and the planning and supervision of professional services.
8. Fees will be reasonable and based upon account size and the complexity of the portfolio, generally to a maximum of 1.25% of the account value plus RBC Capital Market fees, if applicable.

### **Item 12 - Brokerage Practices**

To the extent that the applicant's investment objectives are similar to clients, identical securities may be purchased for both accounts and may include mutual funds and common stocks. Securities purchased for clients concurrent (same day) with the applicant will receive priority execution. Common stocks will be purchased after client transactions have been processed. Lawrence Krause and Gisela Lake do not receive compensation directly from Tessara Financial Advisors.

### **Item 13 - Review of Accounts**

Although the review process and the review itself is dependent on individual client needs, the following describes the general review process:

1. For client account transactions, both client and advisor receive copies of trade confirmations, which, upon receipt, Tessara Advisors reviews for accuracy. In addition, both client and Tessara Advisors can check the portfolio online at any time. Both Tessara Advisors and the client receive either monthly or quarterly statements of asset holdings and valuations.
2. More frequent reviews and recommendations for changes/adjustments to client portfolios may be made at any time and may be based upon 1) client's request and/or client meetings, 2) changes in market conditions, 3) changes in security positions, 4) deposits or withdrawals of assets, and 5) changes in client's investment objectives.
3. The frequency of written reports provided by Tessara Advisors to its clients depends upon the relationship and agreements with each client which generally, Tessara Advisors will provide no less than quarterly, identifies the performance of individual holdings as well as the portfolio total. Reports are transmitted via U.S. mail.

#### **Item 14 - Client Referrals and Other Compensation**

Tessara Advisors may receive referrals of new clients from a third-party. While not a contractual program, as a show of appreciation, we may send a nominal one-time nominal payment to third parties/clients for the referral of new clients. Tessara Advisors does not accept any fees for the referral of clients to third parties. Those referrals are a professional courtesy and in the interest of the client.

In certain situations, Tessara Advisors may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such a referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

#### **Item 15 - Custody**

Tessara Advisors does not maintain custody of client assets. Accounts are held with registered brokerage firms. Under the management agreement with clients, Tessara Advisors can withdraw quarterly fees from the account held at RBC Capital Markets. A client has provided RBC Capital Markets permission to make this funds transfer based on the established fee percentages. The frequency of such transfers is quarterly.

**Item 16 - Investment Discretion**

Tessara usually 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. The firm's discretionary authority regarding investments may, however, be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the Client on transactions in certain types of businesses or industries. Any such restrictions are to be agreed upon in writing at the account's inception

Discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of security to buy or sell.

Tessara also provides services to accounts where it does not have discretionary authority over the account(s). In these cases, Tessara will consult with the client where discretion is not obtained prior to each trade in order to obtain client approval for the transaction(s).

**Item 17 - Voting Client Securities**

Tessara Advisors does not vote proxies on behalf of the client.

**Item 18 - Financial Information**

Tessara Advisors are not required to disclose financial information to clients. Tessara Advisors is limited to a \$500 threshold for the prepayment of fees not more than 6 months in advance. There are no financial conditions existing that would reasonably impair the firm's ability to meet contractual commitments with clients. Neither the firm nor its principals have been the subject of any bankruptcy proceeding at any time during the last 10 years or prior.

**Item 19 - Requirements for State-Registered Advisers**

Not applicable

**Business Continuity Plan**

Tessara Advisors 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 people.

**Disasters**

The Business Continuity Plan covers natural disasters such as snowstorms, 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**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

**Special Amendment For Influenza Pandemics/Illness**

In the event of a major regional outbreak of influenza or other pandemic, Associated Persons and staff are advised to remain at home and can continue to service clients from their home locations until local agencies determine the threat has passed.

**Summary of Business Continuity Plan**

A summary of the business continuity plan is available upon request to Tessara's Chief Compliance Officer.

**Information Security Program****Information Security**

Tessara Advisors 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 Tessara Advisors collects from its clients or receives from other firms in connection with any of the financial services they provide. Tessara Advisors also requires other firms with whom they deal to restrict the use of the client's information. Tessara Advisor's Privacy Policy is available upon Client's engagement of Tessara Advisor's services, by prior request of the Client and also provided annually to all clients.

**Privacy Practices****Privacy Policy**

Below is a summary of Tessara's Privacy Policy regarding client personal information. A complete version of the Privacy Policy is contained in your client advisory agreement and may be obtained by contacting the Compliance Officer of the Adviser. Tessara:



- a) Collects non-public personal information about its clients from the following sources:
- Information received from clients on applications or other forms;
  - Information about clients' transactions with the Adviser, its affiliates and others;
  - Information received from our correspondent clearing broker with respect to client accounts;
  - Medical information submitted as part of an insurance application for a traditional life or variable life policy; and
  - Information received from service bureaus or other third parties.
- b) Tessara will not share such information with any affiliated or nonaffiliated third party except:
- When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;
  - When required to maintain or service a customer account;
  - To resolve customer disputes or inquiries;
  - With persons acting in a fiduciary or representative capacity on behalf of the customer;
  - With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants, and auditors of the firm;
  - In connection with a sale or merger of The Adviser's business;
  - To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
  - To comply with federal, state or local laws, rules and other applicable legal requirements;
  - In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
  - In any circumstances with the customer's instruction or consent.
- c) Restricts access to confidential client information to individuals who are authorized to have access to confidential client information and need to know that information to provide services to clients.
- d) Maintains physical, electronic and procedural security measures that comply with applicable state and federal regulations to safeguard confidential client information.



**Form ADV Part 2B Brochure Supplement - Gisela Irmgard Lake, CFP®**

100 Larkspur Landing Circle, Suite 200  
Larkspur, CA 94939

Phone: (415) 925-1100

**This brochure supplement provides information about Gisela Irmgard Lake, CFP® that supplements the Tessara Financial Advisors, Inc brochure. You should have received a copy of that brochure. Please contact Lawrence Krause if you did not receive Tessara Financial Advisors, Inc's brochure or if you have any questions about the contents of this supplement.**

**Additional information about Gisela Irmgard Lake, CFP® is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 Educational Background and Business Experience*****Gisela Lake, CFP®***

Date of Birth: 12-26-1939

Gisela is a principal and partner of Tessara Financial Advisors, Inc. Ms. Lake earned her degree in International Business in Germany and entered the financial planning profession more than 25 years ago. Her breadth of investment and management experience spans over many areas of the Financial Services industry. She has held a senior management position for a large national investment firm, been a due diligence officer for a major California investment firm analyzing investment products, worked extensively with pension plans and affluent investors representing the largest brokerage clearing firm in the United States, and presented numerous educational seminars for CPAs as well as financial planners on various investment topics and strategies.

KW Securities Corporation from 1997 to Present Registered Principal

Tessara Financial Advisors, Inc.

1997 to Present

Registered Principal

Endeavor Group

1996 to 1997

GS2 Securities, Inc.

1994-1996

Pershing LLC

1992-1994

Associated Planners Securities Corporation

1990 TO 1992

Enex Securities Corporation

1989 to 1990

Financial Planners Equity Group

1982-1989

**Item 3 Disciplinary Information**

Gisela has no disciplinary history

**Item 4 Other Business Activities**

Gisela is a registered principal and Vice President of KW Securities Corporation, a registered broker-dealer, member FINRA and SIPC; and also, Vice President of KW Financial Services, Inc., the parent company for Tessara Financial Advisors, Inc. and KW Securities Corporation.

**Item 5 Additional Compensation**

Gisela receives no compensation from Tessara Financial Advisors, Inc.

**Item 6 Supervision**

Gisela is supervised by Lawrence Krause

**Form ADV Part 2B Brochure Supplement – Lawrence Allen Krause, CFP®**

100 Larkspur Landing Circle, Suite 200  
Larkspur, CA 94939

Phone: (415) 925-1100

**This brochure supplement provides information about Lawrence Allen Krause, CFP® that supplements the Tessara Financial Advisors, Inc brochure. You should have received a copy of that brochure. Please contact Lawrence Krause if you did not receive Tessara Financial Advisors, Inc's brochure or if you have any questions about the contents of this supplement.**

**Additional information about Lawrence Allen Krause, CFP® is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 Educational Background and Business Experience*****Lawrence Krause, CFP®***

Date of Birth: 10-28-1939

Lawrence is a principal and partner of Tessara Financial Advisors, Inc. He was educated at the University of Iowa and became a real estate broker in 1962. In 1968 he entered the securities industry and in 1974 created and ran the financial planning department for Sutro, Inc., the oldest brokerage firm west of the Mississippi. It was one of the first comprehensive financial planning departments in the United States for a major brokerage firm.

In 1979 he founded what is now known as Tessara Financial Advisors, Inc. He is a recognized leader in the field of financial and investment planning. In addition, Mr. Krause has extensive experience as a general partner of Limited Partnerships and as a managing member of Limited Liability investments which have invested in opportunities such as oil and gas, venture capital, equipment leasing, real estate and proprietary manufacturing.

Mr. Krause has been on the Advisory Committee of the Golden Gate University programs for the Master's degree in Business Administration and a Master's degree in Financial Planning. In addition, he has authored two hardcover books: *The Money Go Around* and *Sleep Tight Money*. He has written columns and has been interviewed or quoted in just about every major newspaper and/or financial magazine in the country.

Tessara Financial Advisors, Inc.  
(formerly: Lawrence A. Krause & Associates, Inc.) Principal  
1980 to Present

KW Securities Corporation  
Principal  
1980 to Present

**Item 3 Disciplinary Information**

In 1997, the Securities & Exchange Commission found Lawrence A. Krause and Lawrence A. Krause & Associates to be in violation of SEC Rule 17(A) and Sections 10(b) and 10(B)5 in that Krause, acting through Lawrence A. Krause & Associates.

The violations stemmed from Krause, acting as a general partner of a limited partnership, borrowed funds without proper authorization from the partnership. The funds were repaid to the partnership plus interest each year in which funds were borrowed. The partnership did not suffer any damage.

Krause was fined \$15,000 and suspended for a period of one year from October 1997 to October 1998. The fine was paid and the suspension fulfilled as ordered.

**Item 4 Other Business Activities**

Lawrence is a registered principal and is President of KW Securities Corporation, a registered broker-dealer, member FINRA and SIPC; also, President of KW Financial Services, Inc., the parent company for Tessara Financial Advisors, Inc. and KW Securities Corporation.

**Item 5 Additional Compensation**

Lawrence does not receive compensation from Tessara Financial Advisors, Inc.

**Item 6 Supervision**

Lawrence is supervised by Gisela Lake.

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