



EMBARCADERO  
FINANCIAL GROUP

REGISTERED INVESTMENT ADVISOR

**Item 1 – COVER PAGE**

FORM ADV PART 2A BROCHURE\*  
and  
PART 2B BROCHURE SUPPLEMENT

March 2021

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\*This brochure provides information about the qualifications and business practices of Embarcadero Financial Investment Advisory, LLC, formerly Embarcadero Financial Group. If you have any questions about the contents of this brochure, please contact the Firm's Chief Compliance Officer, David J. Rockman, President, at telephone 415.391.1200. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any other federal or state authority. Additional information about Embarcadero Financial Investment Advisory, LLC is available on the internet at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

The oral and written statements of an advisor provide information upon which a prospective client may base a determination as to whether or not to hire the advisor. You are encouraged to review this Brochure and Brochure Supplements for the Firm's associates who advise you for more information on the qualifications of the Firm and its employees.

The use of the term "registered investment adviser" and description of Embarcadero Financial Investment Advisory, LLC and/or our associates as "registered" does not imply a certain level of skill or training.

## **Item 2 - MATERIAL CHANGES FROM PRIOR FORM ADV PART 2**

This updated Form ADV Part 2 contains the following changes from the prior version:

- Update to description of assets under management at Part 2A, Item 4.

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#### **Item 4 - ADVISORY BUSINESS**

Registration Status –	Registered with the U.S. Securities & Exchange Commission April 2020 <sup>1</sup>
Principal Owners –	Registered with the State of California on March 12, 2007 Embarcadero Financial Group, an S. Corporation, David J. Rockman, Shareholder John F. McKenna, III
Assets Under Management - (as of December 31, 2020)	Discretionary Assets – \$ 161,829,911 Non-discretionary Assets – \$ 2,336,966

#### **ADVISORY SERVICES**

Embarcadero Financial Investment Advisory, LLC, ("EFIA") formerly Embarcadero Financial Group, provides investment supervisory services, financial planning and implementation services to individuals, institutions, corporations and other business entities. The Firm's professional services include pension or profit-sharing plan advice, business continuity and succession planning, estate planning, and general financial planning. EFIA provides planning and investment supervisory services regarding exchange listed and over-the-counter securities, warrants, commercial paper, corporate debt securities, option contracts on securities, certificates of deposit, municipal securities, variable life insurance, variable annuities, mutual fund shares, and US government securities.

A significant portion of the work provided by EFIA is referred to as financial planning. The delivery of financial planning advice can be related to the above-mentioned securities, but also maybe of a non-securities nature. Financial planning advice may relate to general corporate, estate or family planning.

Additionally, through its financial planning professionals, EFIA provides comprehensive business succession planning to independently owned business and family enterprises. The succession planning team evaluates current ownership structures, family generational structure, current estate plan components, retirement needs, current and projected cash flow, and current assets and investments, among other factors, to develop an appropriate and detailed succession plan that establishes the timing, method and process for transferring ownership.

The investment management services we provide are based on each individual client's financial circumstances and investment objectives. Our portfolio manager meets with each client to discuss the client's current financial condition and to review the client's current investment holdings. Based upon each client's circumstances, we determine an appropriate asset allocation for the client's investment portfolio, in accordance with the client's specific financial objectives and risk tolerance and in consideration of other factors, including the client's time horizon (education funding, home purchase, retirement, legacy planning), liquidity needs, and other available resources (including external retirement plans, projected Social Security, real estate, and insurance). Clients may identify any investment restrictions to be placed on their account.

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<sup>1</sup> "Registration" means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply a certain level of skill or training or that the U.S. Securities & Exchange Commission or any other federal or state regulator guarantees the quality of our services or recommends them.

EFIA may suggest to its financial planning clients that they retain the Firm as their investment advisor to implement its financial planning recommendations and such suggestion may be viewed as a conflict of interest. Financial planning clients are advised that they are under no obligation to act on EFIA's investment recommendations. Moreover, if a client elects to act on any of the recommendations, the client is under no obligation to effect the transactions through any investment advisor when such is licensed as a broker-dealer or through any associate or affiliate of such advisor that is employed as registered representative or sales agent with a licensed broker-dealer.

### **Fiduciary Status**

EFIA is a fiduciary under applicable state and federal statutes and regulations. As a fiduciary, it is obligated to provide services and advice that are in the best interest of each client.

The Firm does not sponsor nor does it provide portfolio management services to wrap fee programs offered by broker-dealers or others.

### **TERMINATION OF AGREEMENT**

Clients may terminate the investment management agreement at any time, upon written notice to EFIA. The Firm does not assess any fees related to termination but will be entitled to all management fees earned up to the date of termination. Any earned fees owed to EFIA will be paid from the client's account on a pro rata basis determined on the amount of time expired in the calendar quarter. Advisor may terminate the investment management agreement upon 30 days' written notice to the client. Any unearned fees owed to the client will be refunded on a pro rata basis determined on the amount of time expired in the calendar quarter.

If a copy of this Form ADV Part 2A disclosure statement was not delivered to the client prior to or simultaneous with a client entering into a written advisory contract with Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by an executing broker or custodian for establishing the account or for trades during those five days are non-refundable.

## **Item 5 - FEES AND COMPENSATION**

### **ADVISORY FEES**

EFIA assesses an annual management fee which is prorated and assessed quarterly in arrears, based on the daily average market value of each of the client's account(s) during the preceding quarter for which security quotes are available. Market value includes all cash, money market balances and the value of all assets held in the account and supervised by EFIA as shown on the client reports provided by EFIA. EFIA's asset under management fee schedule is as follows:

<b>Breakpoints</b>	<b>Value of Assets Under Management</b>	<b>Annual Fee as % of Assets</b>
On the first	\$1,000,000 or less	1.20%
On amount between	\$1,000,001 to \$2,000,000	1.00%

On amount between	\$2,000,001 to \$3,000,000	0.9%
On amount between	\$3,000,001 to \$5,000,000	0.8%
On the amount over	\$5,000,001	0.70%
Minimum Annual Investment Management Fee*		\$3,000

\*Under certain circumstances, based upon the nature of the Account and the services requested, EFIA in its sole discretion may modify or waive the minimum annual fee.

### **FINANCIAL PLANNING AND CONSULTATION FEES**

For its financial planning services, EFIA may charge an hourly fee of \$450 or provide services on the basis of project or fixed fee ranging from \$1,500 to \$50,000, depending upon the complexity of a Client's requirements or objectives. Project and general financial planning fees are paid in no less than two parts, with the first portion a deposit equal to no less than 20% of the assumed work. If after 30 days from the signed agreement, the client wishes to terminate the agreement the deposit on the project or fixed fee may be returned in full. The client's refund request must be made in writing and delivered to the EFIA offices. EFIA is not obligated to provide any already completed agreed upon work if the full refund option is exercised. Any refund of fees beyond the 30-day window is provided at the discretion of EFIA on a pro rata basis, if at all.

Under certain circumstances, EFIA also accepts sales fees or commissions from the issuers of specified securities and insurance products when EFIA clients purchase those products. (Please see additional disclosures under General Fee Disclosures and Fund Disclosures below). All fees are negotiable and subject to the particular circumstances of the client.

The client's investment management fee to Advisor is determined in accordance with the above standard fee structure, with exceptions negotiated on a case-by-case basis at Advisor's discretion. Any deviations from the standard fee structure are based upon a number of factors including the amount of work involved, the amount of assets placed under management and the attention needed to manage the account.

Clients customarily authorize EFIA to deduct its quarterly investment advisory fee directly from their custodial account. This authorization is granted under the terms of the client's signed investment management agreement and the client's instructions to the custodian. EFIA sends the client a copy of the investment advisory fee invoice at the same time it requests payment from the client's custodian. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by our portfolio managers in the management of the client's portfolio, the market value of the client's account and corresponding fee payable by the client to EFIA may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable to the Firm. Accordingly, the decision as to whether to employ margin is left to the sole discretion of client.

## **GENERAL FEE DISCLOSURE**

EFIA believes its fees are competitive with those fees charged by other investment advisors for comparable services. However, comparable services may be available from other sources for lower fees than those charged by EFIA.

## **CUSTODIAN AND BROKERAGE FEES**

Clients incur certain charges imposed by their custodians and other third parties such as 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. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage charges and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and charges are in addition to Advisor's investment management fee.

## **COMMISSION AND SALES FEE DISCLOSURES**

**Sales Commission or Fee Payment Credits for Clients That Place Assets Under Management With EFIA.** Some investment products (certain third-party management programs identified below, mutual funds, insurance and annuities) are available only on a commission or other fee basis. In order to allow EFIA the widest possible selection of appropriate investment products for its clients' investment accounts, and in order to minimize any potential conflict of interest resulting from the payment to EFIA or its personnel of a sales commission or fee by the issuers of such investment or insurance/annuity products, EFIA may either credit against management fees or exclude the assets from portfolio valuation altogether the amounts charged its clients attributable to any sales "load", commission or fee paid by the issuer to Advisor for any investment product.

For EFIA financial planning clients that do not enter into a separate portfolio management agreement with EFIA for investment management services, EFIA will not credit any commissions or fees received against financial planning fees billed.

Where EFIA is paid a sales commission or fee for placing its financial planning clients with one or more investments, EFIA's recommendation of these investments might be deemed a conflict of interest. EFIA only recommends investment in such assets if, based upon the client's personal financial condition, time horizon, risk tolerance and investment objective, such investment would be suitable for that client. Nevertheless, as a result of its receipt of commission payments, EFIA's recommendation of these asset management programs might be deemed a conflict of interest.

## **FUND DISCLOSURES**

Mutual funds, closed-end funds and exchange traded funds are investment vehicles and the investment strategies, objectives and types of securities utilized by such funds vary widely. In addition to the advisory fee charged by EFIA, clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as a sales load charge or a transaction fee. These charges also vary widely among funds. As a result, even with investments in no-load mutual

funds, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by EFIA. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

#### **Item 6 - PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT**

EFIA does not charge an additional performance fee based upon a percentage of the capital gains realized in client accounts. EFIA does not manage any client accounts where a performance fee is charged.

#### **Item 7 - TYPES OF CLIENTS**

EFIA provides investment advice, financial planning and advice unrelated to securities to individuals, pension and profit-sharing plans, trusts, estates and charitable organizations and corporations or other business entity types.

EFIA requires a minimum account size of \$100,000, although in certain circumstances, separate client accounts may be aggregated to meet this minimum. Based upon the nature of the Account and the services requested, EFIA, in its sole discretion may waive the minimum account size.

#### **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS**

##### **METHODS OF ANALYSIS**

EFIA's approach to the analysis of securities follows the tenants of Fundamental Analysis that factors a wider array of variables. Of the many sources of information available, EFIA uses financial newspapers and magazines, corporate rating services, and research material provided by others. In addition company press releases and annual reports and SEC filings are important tools. When possible, EFIA's team communicates directly with asset managers to obtain a funds objective, process and market experience. It is these sources which provide EFIA the insight to provide opinions on general movements of the market, asset allocation and appropriate investment vehicles.

EFIA's general investment philosophy is that implementation of securities is for a long period of time (greater than one year), but markets change, and client needs may demand the short-term purchase of securities and even the active trading of securities. Short sales, hedging strategies with the use of puts and calls and option writing (including covered options, uncovered options or spreading strategies) is an infrequently used strategy. Margin transactions are rarely employed.

##### **INVESTMENT STRATEGY**

EFIA provides financial planning and investment advice related to most types of equity securities including exchange listed securities, over the counter (OTC) securities and foreign issuers. In addition, mutual funds shares make up a significant percentage of the securities EFIA recommends. Other asset classes include warrants, corporate debt securities, commercial paper and US government securities as well as municipal securities. Options contracts for both commodities and securities as well as future contracts for both tangibles

and intangibles are available but are recommended on an infrequent basis. Where appropriate for clients, the Firm offers advice regarding variable life insurance and variable annuities.

### **Third Party Manager Programs Available Through ONIMCO<sup>2</sup>**

In addition, EFIA may recommend several third-party asset management platforms made available through ONIMCO to certain of its financial planning and investment management clients. In certain cases, EFIA refers clients to ONIMCO since the available fee-account technology platforms are more suitable to client goals and allow the advisors to oversee clients' portfolios, to conduct investment due diligence, to design client investment portfolios and to access a range of third-party investment strategies. The services provided by ONIMCO to such clients differ from those provided to EFIA's investment management clients that do not participate in such programs in that all account reporting to the client related to the program is directed to the client directly by the program sponsor, who reports the applicable account transactions, valuation and performance data. EFIA clients enrolled in a third-party program pay an asset-based fee to participate in the program instead of commissions. Such client fees are paid to ONIMCO directly and are not paid to EFIA. Any compensation is received by an advisor from ONIMCO and not from EFIA. EFIA is not paid for use of these investment platforms. The third-party manager programs recommended by EFIA include, but are not limited to:

**Investnet.** Investnet is a provider of integrated portfolio, practice management and reporting services. It offers investment advisors and their advisory clients an internet-based trading platform that accesses third party institutional asset managers that require lower minimum investments. EFIA and its clients are able to choose from a complement of investment formats that include:

- Separately managed accounts
- Multi-manager accounts
- Unified managed accounts
- Mutual fund solutions
- Mutual funds
- ETF wrap portfolios
- Alternative investments
- Fixed income solutions
- Sustainable solutions
- Third-party strategist portfolios

Investnet's integrated trading platform provides allows EFIA to create, monitor and rebalance the Firm's own investment models using stocks, bonds and no-load mutual funds. It also gives EFIA the option of adopting the investment strategies made available by a number of notable third-party investment strategists. Details regarding the Investnet program are provided in brochure that is filed with the SEC under registration number 801-57260.

**AssetMark.** AssetMark, Inc. ("AssetMark") is a platform sponsor of separate managed account programs and provides EFIA access to third party investment strategists. AssetMark is a registered investment adviser with the Securities and Exchange Commission (SEC) and provides consulting services to other advisors and investment advisory clients. AssetMark is the sponsor of its platform and consults with advisory firms like

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<sup>2</sup> See Item 10, Other Financial Industry Affiliations, below.



EFIA to implement the platform for their clients. As part of its services, AssetMark provides account administration and has developed internet-based software which provides the Firm with the ability to directly monitor its client accounts, download information concerning changes in the platform, and access current information relating to the platform. Details regarding the AssetMark program are provided in brochure that is filed with the SEC under registration number 801-56323.

**Morningstar Managed Portfolios Programs** are offered by Morningstar Investment Services, Inc. ("MIS"), a federally registered investment adviser and subsidiary of Morningstar, Inc. The fees charged by EFIA are based on a set percentage of the annual fee paid by the accounts established in the Morningstar Managed Portfolios Programs and are calculated based on the amount of assets under management. EFIA's investment adviser representatives utilize an investment profile completed by the client to assist the client with selecting a suitable portfolio from those available in the Morningstar Managed Portfolios Programs. Details regarding the Morningstar program are provided in an MIS brochure that is filed with the SEC under MIS filing number 801-60401.

## **INVESTMENT RISKS**

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Here are some of the general risks associated with parts of our investment strategy:

Short-term purchases – on occasion, generally only for tax management purposes, we may determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.

Margin Trading – In rare cases, and generally only for short term financing considerations, clients may elect to assume a margin balance on their investment account. ONESCO and its clearing broker, Pershing requires a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call. Consequently, all margin decisions are left to the client.

Option Trading – Certain EFIA clients engage in option trading. Option securities are complex derivatives of equity securities that incorporate certain leverage characteristics and as such carry an increased risk of investment loss.

## **Item 9 - DISCIPLINARY INFORMATION**

EFIA has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

## **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

EFIA's principal and its wealth advisors are registered representatives of The O. N. Equity Sales Company (ONESCO). ONESCO is a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA") and independent of and otherwise unaffiliated with EFIA. The principals and wealth advisors of EFIA are also affiliated with the O.N. Investment Management Company ("ONIMCO"), and the Ohio National Financial Services, which are both affiliates of ONESCO and also wholly independent of and otherwise unaffiliated with

EFIA. ONESCO, ONIMCO and Ohio National Financial Services do not supervise EFIA's investment management services and none of them has any responsibility for the investment management decisions of EFIA regarding its clients' assets or any other services EFIA may offer its clients.

In the course of some of its recommendations, EFIA also may recommend insurance solutions. The insurance issuers pay loads or commissions if their products are used. In addition, the principal and one or more wealth advisors of EFIA are registered agents of Ohio National Life Insurance Company ("ONLIC") and other third-party insurance issuers that distribute variable life insurance, variable annuities and other insurance products. Such insurers also are wholly independent of and otherwise unaffiliated with EFIA. None of them supervise EFIA's investment management services or has any responsibility for the investment management decisions of EFIA regarding its clients' assets or any other services EFIA may offer its clients.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

#### **Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Through its principals' registered representative and/or agency affiliations with ONESCO, ONIMCO, ONLIC and other insurance issuers, EFIA may recommend and effect securities investments, insurance products or other investment products to and on behalf of certain of its financial planning and investment management clients. If its clients invest in such products, these entities may pay EFIA or its principals, sales loads or commissions for recommending EFIA clients to the investment.

EFIA, its employees and their immediate families (sometimes collectively "employees") are permitted to buy and sell securities for their personal investment accounts. EFIA may trade in the same securities traded for clients. However, it is the policy of EFIA not to give preference to orders for personnel associated with the Firm regarding such trading. EFIA and/or its employees may personally invest in the same securities that are purchased for client accounts and may own securities that are subsequently purchased for client accounts. From time to time, trading by EFIA and/or its employees in particular securities may be restricted in recognition of impending investment decisions on behalf of clients. If a security is purchased or sold for client accounts and EFIA and/or its employees on the same day, either EFIA and/or its employees will pay or receive the same price as the client account, or the client account will receive the more favorable price. If purchased or sold on different days, it is possible that EFIA and/or its employees' personal transactions might be executed at more favorable prices than were obtained for clients.

EFIA and/or its employees may buy or sell different investments, based on personal investment considerations, which EFIA may not deem appropriate to buy or sell for clients. It is also possible that EFIA and/or its employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. EFIA and/or its employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. This can occur when securities which are not suitable for clients at the time of purchase (e.g., speculative stocks, micro-cap stocks,

penny stocks), are purchased by EFIA and/or its employees. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, EFIA and/or its employees may liquidate a security position which is held both for their own account and for the accounts of EFIA clients, sometimes in advance of clients. This occurs when personal considerations (i.e. liquidity needs, tax-planning, industry/sector weightings) deem a stock sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as creating a conflict of interest.

## **Item 12 - BROKERAGE PRACTICES**

### **RECOMMENDATION OF ONESCO AS EXECUTING BROKER AND ITS CLEARING BROKER, PERSHING AS CUSTODIAN**

EFIA client's custody their investment accounts at ONESCO and its clearing broker, Pershing, LLC. The services provided by ONESCO and Pershing include monthly account statements to clients that detail securities holdings, valuations and security transactions within the account. EFIA directs the majority of its clients' security transactions for execution through ONESCO. The Firm's evaluation of ONESCO considered a number of factors, some of which are the investment products offered, transaction fees, custodial fees charged for holding securities, credits on accounts transfers, commission rates, interest charges on debit balances and interest credits on credit balances, quality of execution and recordkeeping and reporting capabilities.

All custodians and executing broker-dealers receive compensation in the form of commissions or other transaction fees on securities trades executed through them on behalf of clients. In addition, if EFIA executes trades on its clients' behalf at a broker-dealer other than Pershing or ONESCO, there may be additional charges referred to as "trade away" fees for clearing and settling the trade. These expenses are in addition to commissions paid and other fees charged by the executing broker-dealer.

EFIA will attempt to minimize the total cost for all brokerage services paid by its clients. However, it may be the case that a selected broker charges a higher fee for a particular type of service than can be obtained from another broker or that the total costs of all services provided by the selected broker may be higher than can be obtained at another broker. Nevertheless, EFIA has made a good faith determination that such costs are reasonable in relation to the value of brokerage services provided, viewed in terms of EFIA's overall responsibilities to its clients.

### **BEST EXECUTION POLICY**

In selecting broker-dealers, EFIA's primary objective is to obtain the best execution. Expected price, giving effect to brokerage commissions, if any, and other transaction costs, are principal factors, but the selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts. EFIA reviews transactions periodically to determine the quality of execution provided by the broker-dealers through whom EFIA executes client trades.

## **SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS**

EFIA does not currently accept any research or brokerage products or services (known as "soft dollar" products or services) from any executing broker-dealer, including ONESCO and Pershing, in exchange for directing commissionable transactions to those broker-dealers. At such time as EFIA enters into any soft dollar arrangement for brokerage or research services, it will be EFIA's policy to limit its participation in soft dollar arrangements to those falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended. Only *bona fide* research and brokerage products and services that proved assistance to EFIA in the performance of its investment decision-making responsibilities would be permitted.

## **AGGREGATION OF TRADES AND POTENTIAL CONFLICTS**

EFIA may aggregate orders of more than one client if it is determined that aggregation is in the best interests of the clients. Trade aggregation is usually sought to obtain lower commissions and costs or a better transaction price. The Firm does not aggregate securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment objectives and guidelines for the client accounts participating in the trade.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client on a *pro rata* basis, based upon the ratio of the amount of particular issue of securities allocated to the account to the overall amount of that issue purchased. It is our policy that trades are not allocated in any manner that favors one group of similarly situated clients over another. Client transactions may be aggregated according to custodial relationship in consideration of execution charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

Advisor and/or its associated persons may participate in such aggregated orders to the extent such employee trades are pre-authorized and consistent with the Firm's code of ethics. There may be circumstances in which transactions on behalf of EFIA or its associated persons may not, under certain laws and regulations, be combined with those of some of EFIA's other clients. In such cases, neither EFIA nor any associated person will effect transactions in a security on the same day as clients until after the clients' transactions have been executed.

## **ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS**

Because we manage more than one client account, there may be a conflict of interest over the allocation of investment opportunities among all accounts managed by us. We will attempt to resolve all such conflicts in a manner that is generally fair to all of our clients. Advisor may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. The Firm is not obligated to acquire for any client account any security that it or its owners, officers, members, employees or affiliated persons acquire for their own accounts or for the account of another client, if, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

### **Item 13 - REVIEW OF ACCOUNTS**

EFIA provides financial planning, portfolio management and investment counseling services related to exchange listed and over-the-counter securities, warrants, commercial paper, corporate debt securities, option contracts on securities, certificates of deposit, municipal securities, variable life insurance, variable annuities, mutual fund shares and US government securities. Client financial plans are reviewed by the Firm's principals and portfolio managers David J. Rockman and John F. McKenna at least annually for consistency with client objectives. Client investment portfolios are reviewed by Mr. Rockman and Mr. McKenna at least quarterly for consistency with the Firm's investment strategy and client investment guidelines. Mr. Rockman and Mr. McKenna periodically monitor client holdings to track asset class allocations, cash allocations and other factors. Periodic allocation adjustments may be recommended due to client investment guideline changes, client deposits and withdrawals and significant life changes for the client (births, deaths, marriage, divorce, etc.) Additionally, client holdings are reviewed in response to changes in the financial markets and/or changes in the Firm's investment strategy.

For managed investment portfolios, clients receive quarterly reports summarizing portfolio holdings, cash flows in and out of the account, and asset allocations. In addition, each client receives transaction confirmations and a monthly account statement from the custodian of their account.

Client financial plans and updates are provided on an "as requested" basis. For financial planning clients whose assets are managed by other managers, clients receive monthly custodial statements and quarterly reports directly from the third-party advisors/managers.

### **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

EFIA is not a party to any third-party marketing arrangements whereby it pays referral fees to persons or entities that refer clients to the Firm. EFIA does not direct brokerage transactions to any broker-dealer in exchange for receiving client referrals and no Firm employees receive "sales awards" or other prizes for referring clients to the Firm.

### **Item 15 - CUSTODY**

EFIA does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank or trust company. EFIA recommends its clients use Pershing, LLC as their custodian. (See Item 12 above.) EFIA is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary. The Firm is given the authority to receive payment of its management fees directly from the account, but it is not authorized to make any other withdrawals or to transfer money out of the account without specific client authorization.

Clients are advised to regularly compare the assets and holdings listed on their EFIA account report with those listed on the custodian's account statements.

### **Item 16 - INVESTMENT DISCRETION**

EFIA is generally granted investment discretion over client assets including the authority to select the investments to be made, the quantity of securities to be bought and sold and the

executing broker-dealer to be used in effecting securities transactions. This discretion may be limited by client investment guidelines and any investment restrictions established by the client. In some cases, clients may place assets with EFIA on a non-discretionary basis whereby the client retains the authority to approve each contemplated securities transaction. In either case, EFIA does not have the authority to determine the execution costs or brokerage commissions that are assessed by the broker-dealer that executes client securities transactions.

EFIA executes client securities transactions primarily through ONESCO. It may be the case that ONESCO charges a higher fee for a particular type of service, than can be obtained from another executing broker. Investment advisors whose representatives are registered representatives of ONESCO are subject to FINRA conduct rules which may restrict such individuals from conducting securities transactions away from ONESCO unless ONESCO provides the representative written authorization. Therefore, clients are advised that EFIA's principals may be limited to conducting EFIA's securities transactions through ONESCO and its clearing firm.

#### **Item 17 - VOTING CLIENT SECURITIES**

It is EFIA policy not to vote proxy solicitations received on behalf of clients from the issuers of securities held in client's account. All proxy solicitations will be forwarded to client for voting. Any client wishing to review our proxy voting policies in full may request a copy from the Firm at his or her convenience.

#### **Item 18 - FINANCIAL INFORMATION**

EFIA does not require or solicit prepayment of more than \$500 of its investment management fees from clients six or more months in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.

## INDEX OF ERISA RELATED DISCLOSURES

Embarcadero Financial Investment Advisory, LLC (sometimes "EFIA" or "Advisor") may provide investment management services to retirement plans governed by the Employee Retirement Investment Security Act ("ERISA"). ERISA regulations require that specific disclosures be made to the retirement plan sponsor, administrator, trustee or other plan representative. The following Index identifies the disclosures required and the location where plan representatives may find them. It is intended to assist ERISA Plan representatives with compliance with the Department of Labor's service provider disclosure regulations under section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended, with regard to those services.

Any questions concerning this guide or the information provided regarding our services or compensation should be addressed to our Chief Compliance Officer at the number noted on the cover page of this ADV Part 2A.

Required Disclosure	Location of the Required Disclosure
Description of the services that Advisor will provide to the client plan.	Item 4 of this Form ADV Part 2A and the client plan's investment management agreement with the Firm at paragraphs 1-2 and 4-5.
Statements that the services that Advisor will provide will be as an ERISA fiduciary and registered investment adviser.	Item 4 of this Form ADV Part 2A and the client plan's investment management agreement with the Firm at paragraph 12.
Direct compensation Advisor will receive from the client plan.	Item 5 of this Form ADV Part 2A and the client plan's investment management agreement with the Firm at paragraph 3.
Indirect compensation Advisor will receive from other parties that are not related to the Advisor, if any.	Items 12,14 and 15 of this Form ADV Part 2A
Compensation that will be paid among Advisor and related parties, if any.	Items 5, 10, 12 and 14 of this Form ADV Part 2A.
Compensation Advisor will receive if the client plan terminates this service agreement, if any.	Item 4 of this Form ADV Part 2A and the client plan's investment management agreement with the Firm at paragraph 14.



EMBARCADERO  
FINANCIAL GROUP

REGISTERED INVESTMENT ADVISOR

## FORM ADV PART 2B\* Brochure Supplement

Professional Backgrounds of  
David J. Rockman  
John F. McKenna III  
Fred F. Sprinz

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San Francisco, California 94111

Tel: 415.391.1200

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

\*This brochure supplement provides information about the qualifications of Embarcadero Financial Investment Advisory, LLC's principals and professional staff. This is a supplement to the Embarcadero Financial Investment Advisory, LLC brochure which you should have received previously. Please contact the Firm's Chief Compliance Officer, David J. Rockman, if you have not received the brochure or if you have any questions about the contents of this supplement. Additional information about Embarcadero Financial Investment Advisory, LLC and its personnel is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



Each member of EFIA's professional staff is evaluated on the basis of his or her education and work experience. Prior related business experience, business or technical skill or applicable undergraduate/post-graduate work are required. Any associated persons that determine investment strategy or give investment advice must meet the examination or experience requirements of the states in which they provide investment advisory services.

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## DAVID J. ROCKMAN, CLU, ChFC

Year of Birth: 1966

### Item 2 - Educational Background and Business Experience

#### Education:

University of California – Los Angeles (UCLA), 1988, B.A., History

Chartered Life Underwriter\*, 2001

Chartered Financial Consultant†, 2007

#### Business Background:

2002 to Present      Embarcadero Financial Investment Advisory, LLC – Principal, President, Chief Compliance Officer and Portfolio Manager

2002 to Present      The O.N. Equity Sales Company – Securities Registered Representative

2003 to Present      ON Investment Management Company – Securities Registered Representative

2003 to Present      Ohio National Life Insurance Company, Registered Agent

1995 to 2007      New England Financial – Securities Registered Representative and Sales Manager

### Professional and Community Activities

Mr. Rockman is a member of the San Francisco Estate Planning Counsel, the Chairman of the ONESCO Field Advisory Board and a life and qualifying member of the Million Dollar Roundtable, and a Perennial Top of the Table qualifier.

### Item 3 – Disciplinary Information

David Rockman has no reportable professional disciplinary disclosures.

### Item 4 – Other Business Activities

Mr. Rockman is a registered representative of The O. N. Equity Sales Company (ONESCO). ONESCO is a broker-dealer registered with the Financial Industry Regulatory Authority, ("FINRA") and is independent of and otherwise unaffiliated with EFIA. David also is affiliated with the O.N. Investment Management Company ("ONIMCO"), an affiliate of ONESCO, and also wholly independent of and otherwise unaffiliated with EFIA. Neither ONESCO nor ONIMCO supervise EFIA's investment management services and neither has any responsibility for the investment management decisions of EFIA regarding its clients' assets or any other services EFIA may offer its clients.

In addition, Mr. Rockman is a registered agent of Ohio National Life Insurance Company ("ONLIC") which distributes variable life insurance and other insurance products. Such insurers also are wholly independent of and otherwise unaffiliated with EFIA. None of them supervise EFIA's investment management services or has any responsibility for the investment management decisions of EFIA regarding its clients' assets or any other services EFIA may offer its clients.

**Item 5 – Additional Compensation**

Other than as disclosed in Items 5 and 12 of the Firm's Form ADV Part 2A, neither the Firm nor any of its employees receive any economic benefit from any non-client for the provision of investment advisory services.

**Item 6 – Supervision**

All Firm personnel are supervised by Mr. Rockman. Supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems, staff meetings and employee reviews.

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**JOHN F. MCKENNA III**

Year of Birth: 1964

**Item 2 - Educational Background and Business Experience**Education:

University of California – Walter A. Haas School of Business, Berkeley, CA, 1998, MBA  
Georgetown University – Washington D.C., 1986, BS, School of Foreign Service

Business Background:

2013 to Present	Embarcadero Financial Investment Advisory, LLC – Principal and Wealth Advisor
2013 to Present	The O.N. Equity Sales Company – Registered Representative
2013 to Present	ON Investment Management Company – Securities Registered Representative
2013 to Present	Ohio National Financial Services – IPA Agent
2009 to 2013	Morgan Stanley Smith Barney – Registered Representative
2008 to 2013	Citigroup Global Markets, Inc. – FA
2007 to 2008	Greenspot, Inc. – Chief Financial Officer
2005 to 2007	PowerCranks, Inc. – Chief Operating Officer and Chief Financial Officer
1993 to 2005	Lombard Group, Inc. – Chief Executive Officer

**Item 3 – Disciplinary Information**

John McKenna has no reportable professional disciplinary disclosures.

**Item 4 – Other Business Activities**

Mr. McKenna is a registered representative of The O. N. Equity Sales Company ("ONESCO"). ONESCO is a broker-dealer registered with the Financial Industry Regulatory Authority, ("FINRA") and is independent of and otherwise unaffiliated with EFIA. John also is affiliated with the O.N. Investment Management Company ("ONIMCO"), and with the Ohio National Financial Services. Both ONIMCO and Ohio National Financial Services are affiliates of ONESCO, and also wholly independent of and otherwise unaffiliated with EFIA. None of the ONESCO - affiliated companies supervise EFIA's investment management services and neither has any responsibility for the investment management decisions of EFIA regarding its clients' assets or any other services EFIA may offer its clients.

## **Item 5 – Additional Compensation**

Other than as disclosed in Items 5 and 12 of the Firm's Form ADV Part 2A, neither the Firm nor any of its employees receive any economic benefit from any non-client for the provision of investment advisory services.

## **Item 6 – Supervision**

All Firm personnel are supervised by Mr. Rockman. Supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems, staff meetings and employee reviews.

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FRED F. SPRINZ

Year of Birth: 1947

## **Item 2 - Educational Background and Business Experience**

### Education:

University of Oregon – M.A. Education, 1973

University of Oregon – B.A. Psychology, 1969

### Business Background:

2017 to Present	Embarcadero Financial Investment Advisory, LLC – Wealth Advisor
19933 to Present	The O.N. Equity Sales Company – Registered Representative
19933 to Present	ON Investment Management Company – Securities Registered Representative
1993 to Present	Ohio National Financial Services – IPA Agent
1993 to Present	S & B Financial, Inc., Principal
1988 to 1993	CNA Investor Services, Inc. – Representative

## **Item 3 – Disciplinary Information**

Fred Sprinz has no reportable professional disciplinary disclosures.

## **Item 4 – Other Business Activities**

Mr. Sprinz is a registered representative of The O. N. Equity Sales Company ("ONESCO"). ONESCO is a broker-dealer registered with the Financial Industry Regulatory Authority, ("FINRA") and is independent of and otherwise unaffiliated with EFIA. Fred also is affiliated with the O.N. Investment Management Company ("ONIMCO"), and with the Ohio National Financial Services. Both ONIMCO and Ohio National Financial Services are affiliates of ONESCO, and also wholly independent of and otherwise unaffiliated with EFIA. None of the ONESCO - affiliated companies supervise EFIA's investment management services and neither has any responsibility for the investment management decisions of EFIA regarding its clients' assets or any other services EFIA may offer its clients.

Mr. Sprinz is the founder and principal of S & B Financial, Inc., a business entity through which he receives income from the sale of insurance products. Mr. Sprinz spends approximately 5 hours per month in connection with S & B Financial, Inc. activities.

#### **Item 5 – Additional Compensation**

Other than as disclosed in Items 5 and 12 of the Firm's Form ADV Part 2A, neither the Firm nor any of its employees receive any economic benefit from any non-client for the provision of investment advisory services.

#### **Item 6 – Supervision**

All Firm personnel are supervised by Mr. Rockman. Supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems, staff meetings and employee reviews.

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#### **Notes:**

\*Chartered Life Underwriter (CLU): A professional designation for individuals who specialize in life insurance and estate planning. Individuals must complete five core courses and three elective courses, and successfully pass all eight two-hour, 100-question examinations in order to receive the designation. Designation is conferred by The American College in Bryn Mawr, Pennsylvania.

\*\*Chartered Financial Consultant (ChFC): A professional designation for individuals that provides comprehensive coverage of the key financial planning disciplines, including insurance, income taxation, retirement planning, investments, and estate planning. The core requirements are comprised of nine courses, seven required and two additional electives. The designation is conferred by The American College in Bryn Mawr, PA.

\*\*\* Certified Employee Benefit Specialist ("CEBS") designation is offered by the International Foundation of Employee Benefit Plans in association with the Wharton School of the University of Pennsylvania. Completion of eight courses is required to receive the CEBS professional designation. The courses cover group health benefits, retirement plans and compensation management. Candidates must complete six required courses and two of four elective courses. Each course requires that students pass a computer-based examination with a score of at least 70 percent. Following certification and authorization to use the CEBS mark, a CEBS graduate must attest to meeting 30 hours of continuing professional education standards every two years. However, there is no expiration or revocation policy for the CEBS credential for noncompliance with the continuing professional education guidelines.

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