



**PACIFIC WEST**  
FINANCIAL GROUP

**Pacific West Financial Consultants, Inc.**

# **Firm Disclosure**

## **and Privacy Policy**

**March 2011**

This brochure provides the qualifications and business practices of Pacific West Financial Consultants, Inc. (Pacific West). Also included with this brochure is the Pacific West Privacy Policy. If you have any questions about this brochure, please contact us at (888) 236-7979.

This information has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities agency. Additional information about Pacific West is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Material Changes

*The SEC adopted “Amendments to the Form ADV” in July, 2010. This Firm Brochure, dated March 31, 2011, is our new disclosure document prepared according to the SEC’s new requirements and rules. After our initial filing of this Brochure, the Material Changes section will be used to provide our clients with a summary of new and/or updated information. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. Also, we will provide you with other interim disclosures about material changes as necessary.*

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## Advisory Business

Pacific West Financial Consultants, Inc. ("Pacific West"), a Registered Investment Advisor has helped clients invest since 1982 through its Investment Advisor Representatives ("Representatives"). Being a Registered Investment Advisor does not imply a certain level of skill or training, although Representatives who give investment advice on behalf of Pacific West Financial Consultants, Inc. have, at minimum, demonstrated industry experience or its equivalent experience in business and/or have passed the FINRA (Formerly NASD) exam for Investment Advisor (Series 65 or 66) and/or hold a professional designation, such as the Certified Financial Planner designation (CFP), or Chartered Financial Analyst (CFA).

Representatives provide investment management services, furnish investment advice, or a referral to another investment management firm. Additionally, Representatives may provide financial planning services. Representatives can tailor advisory services through a formal interview, risk tolerance questionnaire, or through other means such as a financial plan. Specific restrictions can be made for investing in certain types of securities by noting the same on the Pacific West Advisory Agreement or by notifying your Representative.

Pacific West is owned by Philip Anthony Pizelo, Shanon Ford and Erinn Ford. Philip Anthony Pizelo was born May 9, 1958. He is a graduate of Gonzaga University (BA-Economics) and Washington State University (MA-Economics). He has been an owner and the Chief Executive Officer for Pacific West since July 2002. Shanon Ford was born September 2, 1970. He has worked for Pacific West since 2000, and became President in January 2007. He performs management and operational functions. Shanon earned a BA in Economics from the University of Washington in 1992. Erinn J. Ford was born on May 7, 1970. She received her Bachelor of Arts degree in Speech Communications from the University of Washington in 1992. She began working at Pacific West in 1990.

As of December 31, 2010 Pacific West provided investment management services on a discretionary basis to approximately \$505,430,754 and on a non-discretionary basis to approximately \$387,490,622. Additionally, Pacific West Representatives have made referrals to other investment managements firms and those assets are not included in the above noted totals.

Pacific West provides ERISA fiduciary and non-fiduciary services to retirement plans and their participants when the client executes a Retirement Plan Advisory Agreement. In rendering fiduciary services, Pacific West is a "fiduciary" under the Employee Retirement Income Security Act of 1974 ("ERISA") and the Investment Advisers Act of 1940. The following is a summary of the Services provided and more specific terms and conditions are contained in the Retirement Plan Advisory Agreement. The client selects the specific Services to be performed.

- ✓ ERISA Non-Discretionary Fiduciary Services available include Investment Selection and Monitoring Services, Model Portfolios and Participant Advice. In providing ERISA Non-Discretionary Fiduciary Services, Pacific West shall act as an ERISA Fiduciary. The recipient of such advice retains the sole discretion as to whether to implement the advice and to initiate action to implement the advice.
- ✓ ERISA Discretionary Fiduciary Services available include Investment Selection and Monitoring Services, Model Portfolios and Qualified Default Investment Alternative. In providing ERISA Discretionary Fiduciary Services, Pacific West shall act as an ERISA Fiduciary and as an ERISA Section 3(38) Investment Manager. Pacific West shall retain final decision making authority with regard to all ERISA Discretionary Fiduciary Services. The client retains the fiduciary responsibility to prudently select and monitor Pacific West in this regard.

- ✓ Non- ERISA Fiduciary Services include Participant Education and Enrollment. In providing Non- ERISA Fiduciary Services, Pacific West is not rendering Investment Advice and is not acting as an ERISA Fiduciary.

## **Fees and Compensation**

Pacific West Representatives receive fees for the investment management services which are noted within your Advisory Agreement. When a Representative refers a client to an outside manager, Pacific West will receive a solicitation fee from the third-party that is paid out of the advisory fee charged to the client per the contract the client entered with that manager. Some Representatives charge a specific fee for financial consulting.

Fees charged may include consultation, financial planning, strategy monitoring, reviews, and asset management, among other things. Fees may be discounted or negotiated, and in some instances, clients or family members might receive discounts or services at no charge. In most cases, fee calculations are based upon the asset values provided by the custodian, and in most cases, fees are electronically debited. However, it is possible to be invoiced for investment management services. Settlement or trade date accounting can be used to determine the account value for calculating advisory fees, which could lead to differences between the value used in the fee calculation and the value shown on the custodian statement.

The following outlines our basic fee schedule, although the individual representative might develop an alternative fee structure within the following parameters:

|                        |   |
|------------------------|---|
| Initial consultation:  | Up to \$500/hour                                    |
| Financial planning:    | Up to \$20,000 per assignment                       |
| Monitoring and review: | Up to \$500/hour                                    |
| Asset management fees: | Up to 3 percent of assets under management per year |

Asset management fees can be assessed by a flat rate, breakpoint, or as a blended rate for different asset levels. Billing can either be in advance or arrears. In cases when the advisory agreement does not span the full billing period, asset management fees are prorated for the days the account has been open. You can terminate the management agreements at any time with written notice to: Pacific West Financial Consultants, Inc. – P.O. Box 860, Renton, Washington 98057 – Attn: Account Terminations.

In addition to the advisory fees charged by Pacific West, costs incurred may include commission on brokerage products, custodial fees, or other charges. For information on brokerage expenses, please review the [Brokerage Practices](#) section of this brochure. If you have investments in mutual funds or other investment companies' funds that are used in calculating your advisory fees, those assets will be subject to additional advisory and other fees and expenses, as set forth in the prospectuses of those funds, paid by the funds but ultimately borne by the investor.

If you are billed in advance and leave during a quarter, you are likely entitled to a refund of advisory fees for the remainder of the billed period. To ensure a proper refund, please follow the termination process noted above.

Pacific West offers referrals, investment advice, and management services. Most Pacific West Representatives are also Registered Representatives with Pacific West Securities, Inc. ("PWS"), a FINRA member broker/dealer. PWS is an affiliate of Pacific West. The Representative may recommend to clients or take an order from a client to sell or purchase securities or insurance products, which may produce additional compensation (commissions) for the Representative. This can create a conflict of interest in that there may be a financial incentive to recommend one product over another based on the amount of commissions paid.

The investments, accounts, and services offered by the broker/dealer are separate and distinctly different from the investment advisory services offered by Pacific West, even though the values of these investments may be

shown on your advisory custodian statement. It is the independent business plan of some Representatives that some advisory clients will be solicited to use the services of the affiliated entities.

There is no obligation for you to use any of the affiliated business services or products, and you may use the professional service providers of your choice. It is possible for the Representative to sell a client a security or insurance product (and receive a commission), then move the investment to a managed account as an investment advisor and charge a fee to manage the investment.

For ERISA accounts, fees are noted in the Advisory Agreement provided by Pacific West and the Representative. Unless otherwise noted in the Advisory Agreement, any 12(b)-1 fees, sub-transfer agency fees and/or other similar fees that Pacific West or its affiliates may, from time to time, receive shall be used to reduce Pacific West's advisory fees or be remitted to the plan directly.

### **Performance Based Fees**

Pacific West does not manage advisory services in a performance-based fee structure. Fees are calculated either by asset level or a specific fee for services rendered. However, Representatives may refer you to another investment manager who offers a performance-based fee structure. Currently, the only arrangement Pacific West has in this capacity is through Dunham and Associates. This may create a conflict of interest in that performance based fees may generate more revenue for the Representative and Pacific West in positive markets.

### **Types of Clients**

Most Pacific West Representatives' clients are individuals with trust accounts, retirement, and non-retirement assets. Clients also consist of banks, ERISA pension and profit sharing plans, corporations, estates and charitable organizations.

While there is no minimum account size set by Pacific West, Representatives may set a minimum account at their own discretion. Please refer to your Representative for their specific minimum account requirements.

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

Representatives utilize various investment disciplines to manage accounts including, but not limited to, charting, fundamental, technical, and cyclical analysis. All forms of investing have the risk of losing money.

Representatives will assist you in assessing and stating your financial objectives and your risk tolerance through financial interviews, Investment Policy Statements, and/or other assessments. You are responsible for providing the Representatives and Pacific West any updates or changes to your financial objectives, risk tolerance, or current financial situation. The active allocation of client portfolios could be directed by the Representatives by using dynamic or tactical allocation procedures. Some instances might necessitate a buy-and-hold strategy for you by the Representative's recommendation.

Representatives may use Portfolio Theory for the ongoing diversification and allocation process, while other situations will require taking a more static allocation approach to match your investment goals. Representatives have the opportunity to utilize various third-party vendors for investment research and recommendations. This research could include custodians, clearing firms, investment research firms, research publications and/or periodicals, and other investment media facets. Investment strategies used to implement any investment advice

include short and long-term purchases, trading, and short sales. Some transactions might be on margin. Strategies might also include option strategies. Investments that might be used by the Representatives include, but are not limited to, over-the-counter and exchange-listed equity securities, real estate investment trusts, corporate debt securities, certificates of deposit, municipal securities, variable life insurance, variable annuities, mutual fund shares, United States government securities, cash or cash equivalents, options, unit investment trusts, exchange traded funds, or other securities. All of the investments used by Pacific West Representatives have the risk of losing value. Representatives may recommend or utilize cash balances in your portfolio. Use of a cash position may be in efforts to achieve a specific allocation or to protect you against losses. Unless noted specifically in your Advisory Agreement, cash balances are charged an advisory fee.

In addition to the types of investments and strategies noted above, Pacific West gives a variety of investment advice on partnerships or limited liability companies investing in equipment leasing and managed futures funds, which invest in futures and forward contracts of tangible and intangible commodities. Other investments could involve real estate and oil & gas partnerships, or direct participation programs. These investments bear significant risk as disclosed in the prospectus or private placement memorandum. It is important to recognize that investments noted in this section are highly illiquid, and the amounts shown on the statements might not accurately reflect the current liquidation value. With these investments, any stated value on the custodian statement should not be used for determining the present value of the asset.

### **Disciplinary Information**

As a Registered Investment Advisor, Pacific West Financial Consultants, Inc. is required to disclose material facts regarding legal or disciplinary events that would be material to an evaluation of Pacific West or the integrity of Pacific West's management. In 2002, PWS, an affiliate of Pacific West, entered into a consent order with the State of Washington related to the sale of unregistered securities between 1995 and 2000 by a registered representative affiliated with PWS. Additionally, the consent order discussed the failure of PWS to adequately supervise the registered representative making the sales. In the consent order, PWS did not admit or deny any wrongdoing and consented to a fine of \$40,000 plus certain costs. In addition, PWS was required to implement certain new compliance and supervision procedures.

In a separate matter in 2004, PWS entered into an acceptance, waiver, and consent ("AWC") related to the National Association of Securities Dealer's ("NASD") review of PWS's compliance with the NASD Trade Reporting and Compliance Engine ("TRACE"). As a part of this AWC, Pacific West did not admit or deny any wrongdoing, but consented to the imposition of a fine of \$8,000 for a delay in reporting bond transactions in 2003.

In addition, certain owners and management persons of Pacific West have, from time to time, been named in arbitrations and/or lawsuits against PWS, an affiliated broker/dealer in which allegations including, among other things, fraud, misrepresentation, failure to perform adequate due diligence, breach of contract, and breach of fiduciary duty were made. In these cases, the owners and management of PWS had had no contact, interaction or communication with the client initiating the action and were named in the action by virtue of their senior position in the firm. In no cases have there been any finding of wrongdoing against any of the owners or management individuals. In two instances, clients brought arbitrations against PWS and certain owners and management of PWS related to investments in tenant-in-common interests. In these arbitrations, both brought in 2009 and settled in 2010, the owners and management personnel were dismissed from the arbitration either prior to or as a part of a settlement with the client. In both instances, the FINRA arbitration panel concluded that the lack of involvement in the client's investment by the owners and management warranted the arbitration

panel's recommendation that the matter be expunged and removed from the record of the individuals. The procedures related to this process are being followed, and full expungement of the matters with regard to the individuals in both arbitrations is expected in 2011. A third arbitration was brought by a client related to investment in tenant-in-common interests in 2009 and resolved in 2010. In this instance, the individual owners and management of PWS who had been named were dismissed from the arbitration by the claimant shortly after initiation of the matter. During the arbitration hearing, the firm was dismissed from all allegations related to four of the five tenant in common investments at issue. In the fifth investment, the panel found no wrongdoing by the individuals, but nevertheless required PWS to repurchase of the tenant-in-common interest from the investor. This purchase amounted to approximately \$625,000.

In another matter in 2009, a client of Pacific West initiated an arbitration against Charles Schwab & Co. Inc. related to lack of liquidity in auction rate securities. Schwab then initiated a third-party claim against Pacific West alleging it did not adequately inform the client of the market risks in auction rate securities. In 2010, Schwab dismissed Pacific West from the arbitration with no money paid by Pacific West.

Finally, from time to time, Pacific West's affiliate, PWS, may become involved in various litigation related to investments sold to customers by its registered representatives. If you would like further information, please call (888) 236-7979.

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

As mentioned above, Pacific West has a closely affiliated relationship with Pacific West Securities, Inc. (PWS), a FINRA member broker/dealer. It is possible that Representatives may have non-advisory income producing activities or companies, including accounting and law practices; insurance agencies; or real estate brokerage and mortgage lending firms. Additionally, some Representatives maintain a separate registered investment advisor from Pacific West for various planning and financial advisory services. A listing of these firms includes, but is not limited to Blue Summit Wealth Management, Belville Financial Advisors, and Gruber Financial, Inc. However, this list is subject to change throughout the year. For a current listing please contact Pacific West.

Pacific West has entered into an agreement with Navigator Wealth Management, LLC. (Navigator), a Registered Investment Advisor who may solicit clients on behalf of Pacific West. Some of the Representatives with Navigator are also Registered Representatives with Pacific West Securities, Inc. Funds received from third party managers will be paid from Pacific West to Navigator Representatives based on the agreement between the two firms.

Additionally, two owners of Pacific West Financial Group Holding Company LLC, the Parent Company of Pacific West, have a familial relationship with one of the owners of Secured Receivables Management ("SRM"). SRM is affiliated with Seattle Funding Group, ("SFG"), and acts as the funds investment manager, provides administrative and shareholder services including transfer services, quarterly reporting, and retention of books and records. Pacific West's affiliated broker/dealer, PWS, is the principal distributor of the SFG funds. Although no owner, officer, or employee, of any Pacific West affiliated company has any ownership or managerial control of SRM or SFG, the familial relationship may create a possible conflict of interest, in as much as family members may have an economic incentive to market the funds. Pacific West Representatives who are also registered representatives with PWS receive commissions for selling SFG Funds. Commissions earned from the sale of units in SFG Funds are paid to registered representatives through PWS.

Some Representatives refer clients to third-party investment advisor money managers. Money managers charge different fees, so there is a potential conflict to refer you to managers that pay a higher fee. Representatives interested in various third-party investment advisors may be eligible for invitation to annual

marketing, due diligence, or compliance conferences. The purpose of these events is to develop and improve the Representative's practice by providing education, marketing, and compliance information. The retail value of these events can exceed several thousand dollars and are paid by the third-party investment advisors Representatives use to refer client assets.

Additionally, managers and vendors provide some Representatives with marketing assistance in the form of sales and seminar support and client prospecting data. Some Representatives might also be involved on third-party manager advisory councils, investment committees, or incentive clubs that could provide the Representatives group health benefits, higher payouts or fees, or focused marketing assistance. This could lead to a conflict of interest for the Representatives in recommending a manager offering those services. Currently, providers offering events, marketing assistance, or who have Representatives as investment committee members are The Pacific Financial Group, Inc., Purcell Advisory Services, Curian Capital Management, Dunham & Associates, and Niemann Capital Management, Inc., although it is quite possible that others will offer these services or events in the future.

In addition to the marketing fees received by Pacific West for marketing events, some money managers pay revenue to Pacific West for ongoing review and due diligence in the amount of 0.05% on all assets referred from Pacific West. The current money managers in this capacity are Appropriate Balance Financial Services, The Pacific Financial Group (no affiliation to Pacific West), Purcell Advisory Services, and Strategic Equity Management. In an effort to solidify the relationship with the Representatives, vendors and third-party managers might provide or take Representatives to events and trips, which could lead to a conflict of interest for the Representatives to determine which vendor or third-party manager to recommend for clients.

### **Code of Ethics, Participation or Interest in Client Transactions, Personal Securities Accounts**

Pacific West has a developed Code of Ethics to which each Representative must receive and pledge to abide. In general, the Code of Ethics requires that Representatives have a duty of confidentiality, honesty, independent thinking, declaring all personal stock holdings, and placing your interest first. To obtain a copy of the Pacific West Code of Ethics call (888) 236-7979.

If you open an account with PWS, an affiliated company, any trades may generate commissions and revenue for PWS and the Representative as a Registered Representative of PWS. It is the policy of Pacific West to permit the firm, its employees, and Representatives to buy, sell, and hold the same securities that the Representative also recommends to clients. It is acknowledged and understood that Pacific West performs investment services for various clients with varying investment goals and risk profiles. As such, the investment advice may differ between clients. Pacific West will have no obligation to recommend for purchase or sale a security which Pacific West, its principals, affiliates, employees, or Representatives may purchase, sell, or hold. When a decision is made to trade a security from all applicable accounts, priority is typically given to the client's orders, although there are no internal trading rules that state the client orders must be before or after trades of a Representative. This may result in different execution prices for the client that may be higher or lower than the price received or paid by the Representative.

### **Brokerage Practices**

Clients of Pacific West have the option of several different custodians or clearing firms. For reasons of economy, familiarity, administration, and reasons noted above, Representatives tend to recommend a single custodial location for clients. The criteria used by the Representatives for suggesting a broker/dealer includes

reasonableness of commission, ability to trade many client positions at once (block trade), receive duplicate confirms, other costs of trading, the ability to facilitate trades, access to client records, computer trading support, and other operational considerations, which may be a benefit to Pacific West or the Representative, but not necessarily to you. The options for clients in establishing their account for advisory services through Pacific West are: Charles Schwab, TD Ameritrade Institutional, National Financial Services (“NFS”), or Pershing, LLC (“Pershing”). Pacific West is not affiliated with Charles Schwab, TD Ameritrade Institutional, NFS or Pershing. Pacific West does receive referrals from custodians and clearing firms for Representatives or registered representatives who may become registered with Pacific West and/or PWS. Pacific West has entered into a formal agreement with TD Ameritrade Institutional with the purpose of referring potential representatives to Pacific West and/or PWS.

Pacific West participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (TD Ameritrade), member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker/dealer and FINRA member. TD Ameritrade offers to independent investment advisors services custody of securities, trade execution, and clearance and settlement of transactions. Pacific West receives some benefit from TD Ameritrade through its participation in the program. For more information, please see the disclosure under the Client Referrals and Other Compensation section below.

PWS, which clears trades through Pershing and NFS, is an affiliated company with Pacific West. When an account is opened at Pershing or NFS, trades and holdings may generate commissions and ongoing revenues for PWS and the Representative acting in a Registered Representative capacity. Clients or Representatives may call trades into the trading desk of PWS, which is an order-taking service offered as a convenience to Representatives and clients. Additionally, some clients hold investments at various institutions directly. In that event, the Representative may include those assets on the advisory billing.

Nearly all clearing firms/custodians provide research reports on products, either from proprietary research or on a contracted basis. Additionally, custodians/brokerage firms provide Pacific West with free software and internet access to the account information. User support is also available to Pacific West at no charge. Representatives approved by the clearing firms/custodians may use the research and services for all clients, and a higher commission is not charged for using the same. Some custodians provide or reimburse Representatives with software for reporting, fee-billing, data consolidation, and marketing assistance.

In the event a client directs Pacific West and the Representative to use a particular broker/dealer, the Representative may not be able to obtain a more favorable commission and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist in the commissions charged to clients who direct the Representative to use a particular broker or dealer.

When possible, some Representatives utilize the process of aggregation or block trading of client transactions. This allows the Representative to execute transactions in a more timely, equitable, and efficient manner and seeks, but does not guarantee a reduction of overall commission charges. Pacific West’s policy is to aggregate client transactions where possible and when advantageous to clients, but is not ensured for all clients’ transactions.

### **Review of Accounts**

Accounts are reviewed by the Representative on a periodic basis, typically annually. Clients may request other reviews as the personal circumstances dictate. Triggers for reviews could include economic or market activity, life changes indicated by the client, client requests, or other factors. We ask that you immediately contact your

Representative if any material changes occur in your personal financial situation, such as a loss of a job, illness, inheritance, or any other factor that could materially change your investment objectives and/or risk tolerance.

Representative activities are reviewed and supervised by the Pacific West home office. Reviews are conducted on a quarterly basis and may be completed by the Chief Compliance Officer, President, Vice-Presidents, or administrative associates. The review includes an audit of the fee billing charges and general activities or transactions of the accounts. Reports are not distributed to clients. For questions on supervision of Representatives, please call our Advisory Services department at 888.236.7979.

Additionally, you will receive quarterly reports from the custodian to help you review and track your account activities. In most cases, you are provided electronic access to review your accounts.

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

As noted in the Other Financial Industry Activities and Affiliations section above, Pacific West and the Representatives receive compensation through the following arrangements:

- ✓ Financial Planning Fees
- ✓ Fees for Investment Management Services
- ✓ Referring clients to a third party manager or asset management platform
- ✓ Invitation to annual marketing, due diligence, or compliance conferences
- ✓ Sales and seminar support and client prospecting data to help the Representative's marketing efforts
- ✓ Invitations to participate on advisory councils, investment committees, or incentive clubs
- ✓ Ongoing review and due diligence fees paid to Pacific West
- ✓ Invitations to reward or marketing events and trips
- ✓ Commissions and/or fees paid through PWS on securities products
- ✓ Additional Services
- ✓ Interest Income and/or other revenue sources

Representatives who have solicited for Investment Managers prior to joining Pacific West may have clients with Investment Managers for which Pacific West does not have a contract. Their clients will remain with these Investment Managers with fees paid through Pacific West. Additionally, Pacific West offers a platform where a Pacific West Representative may join another Representative to provide advisory services for clients. In such cases, total payment to Pacific West is disclosed on the advisory agreement.

Pacific West participates in TD Ameritrade's Institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Pacific West's participation in the program and the investment advice it gives to its clients, although Pacific West receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Pacific West by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Pacific West Representatives. Some of the products and services made available by TD Ameritrade through the program may benefit Representative but may not benefit you. These products or

services may assist Pacific West in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As a part of its fiduciary duties to clients, Pacific West endeavors at all time to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Pacific West or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Pacific West's choice of TD Ameritrade for custody and brokerage services.

Pacific West also receives from TD Ameritrade certain additional economic benefits (Additional Services) that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include payments for software vendor services to B-Ready Outsourcing (Envestnet); Schwab Performance Technologies; Redtail Software; Finance Logix financial planning software and Morningstar research software. TD Ameritrade provides the Additional Services to Pacific West in its sole discretion and at its own expense, and Pacific West does not pay any fees to TD Ameritrade for the Additional Services. Pacific West and TD Ameritrade have entered into a separate agreement (Additional Services Addendum) to govern the terms of the provision of the Additional Services.

Pacific West's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Pacific West, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Pacific West's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Registrant, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Pacific West may have an incentive to recommend to its clients that the assets under management by Pacific West be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Pacific West's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including that to seek best execution of trades for client accounts.

## **Custody**

Custody of account assets will be maintained with the custodian and not by Pacific West. The only exception to this is the ability to electronically debit advisory fees with your express permission granted in the Advisory Agreement. The custodian will deliver, at least quarterly, a statement showing all transactions occurring in the account during the period covered by the account statement and the funds, securities, and other property in the account at the end of the period. Pacific West and the Representative will rely on the custodian to present values based upon information provided by the issuer of that security or other nationally recognized source as reported by the custodian. It is important for you carefully review the statement from the custodian on a regular basis. You understand that investments without an active trading market, such as direct participation programs, are highly illiquid, and the amounts shown on the statements will not accurately reflect the current liquidation value. With these investments, any stated value on the custodian statement should not be used for determining the present value of the asset.

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### **Investment Discretion**

When written authorization is provided by the client, Representatives of Pacific West have the sole discretionary trading authority on accounts. The written authority is noted within the client's Advisory Agreement. To place any restrictions on the investments in an account, note the same in the Advisory Agreement "Exclusion/Restriction" page. Additionally, if you want to add exclusions or restrictions after you have already executed the Advisory Agreement, please call our Advisory Services department at (888) 236-7979.

You also may have the option to enter a non-discretionary Advisory Agreement with Pacific West if you do not want to grant discretionary trading authority to your Representative. In the event the Representative refers the client to a third-party money manager, the discretionary authority will be granted through the advisory contract signed with the respective money manager.

### **Voting Client Securities (Proxy Voting)**

Pacific West Representatives must obtain written permission from the home office prior to exercising or voting proxies on behalf of clients. Clients grant Representatives proxy voting authority in the Advisory Agreement and clients may direct votes on any issue. To obtain information on how your Representative voted your proxies call your Representative or our Advisory Services department at (888) 236-7979.

### **Financial Information**

Pacific West is required to provide certain financial information or disclosures about its financial condition. Pacific West has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. Additionally, Pacific West has been a Washington corporation since 1982. To request any information on Pacific West, please call our Advisory Services department at (888) 236-7979.

**Privacy Policy**

The Pacific West Privacy Policy is provided with our Firm Brochure for your convenience.



**IMPORTANT PRIVACY CHOICES FOR CONSUMERS**

Rev. 7/14/2010

**FACTS**

**WE DO NOT SELL YOUR PERSONAL INFORMATION.  
WHAT DOES PACIFIC WEST DO WITH YOUR PERSONAL INFORMATION?**

|              |   |
|--------------|---|
| <b>Why?</b>  | Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.          |
| <b>What?</b> | The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> <li>▪ Social Security number and income</li> <li>▪ account balances and payment history</li> <li>▪ credit history and credit scores</li> </ul> |
| <b>How?</b>  | All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Pacific West chooses to share; and whether you can limit this sharing.                   |

| Reasons we can share your information   | Does Pacific West share? | Can you limit this sharing? |
|---|--------------------------|-----------------------------|
| <b>For our everyday business purposes</b> – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus | Yes                      | No                          |
| <b>For our marketing purposes</b> – to offer our products and services to you   | Yes                      | No                          |
| <b>For joint marketing with other financial companies</b>   | No                       | We don't share              |
| <b>For our affiliates' everyday business purposes</b> – information about your transactions and experience  | Yes                      | No                          |
| <b>For our affiliates' everyday business purposes</b> – information about your creditworthiness   | Yes                      | Yes                         |
| <b>For our affiliates to market to you</b>  | Yes                      | Yes                         |
| <b>For your representative's nonaffiliated business to market to you</b>  | Yes                      | Yes                         |
| <b>For other nonaffiliates to market to you</b>   | No                       | We don't share              |
| <b>When Pacific West and your representative terminate their relationship</b> – we allow your representative to retain your information and share it with his/her new firm                | Yes                      | Yes                         |

## Privacy Policy (continued)

|   |   |
|---|---|
| <b>To limit our sharing</b>   | <p>Call (888) 236-7979</p> <p><b>Please note: When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</b> You can contact us at any time to limit sharing.</p>   |
| <b>Questions?</b>   | Call (888) 236-7979   |
| <b>Who we are</b>   |   |
| <b>Who is providing this notice?</b>  | Pacific West – see definition of <i>Affiliates</i> below  |
| <b>What we do</b>   |   |
| <b>How does Pacific West protect my personal information?</b>                             | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.   |
| <b>How does Pacific West collect my personal information?</b>                             | <p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>▪ open an account or enter into an investment advisory contract</li> <li>▪ tell us about your investment or retirement portfolio</li> <li>▪ direct us to buy securities or direct us to sell securities</li> </ul>  |
| <b>Why can't I limit all sharing?</b>   | <p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>▪ sharing with affiliates' for everyday business purposes – information about your credit worthiness</li> <li>▪ sharing for affiliates &amp; nonaffiliates to market to you</li> <li>▪ sharing for your representative if their relationship with Pacific West is terminated</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p> |
| <b>What happens when I limit sharing for an account I hold jointly with someone else?</b> | Your choices will apply to everyone on your account.  |
| <b>Definitions</b>  |   |
| <b>Affiliates</b>   | <p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>Our affiliates include Pacific West Securities, Inc., Pacific West Financial Consultants, Inc., Pacific West Insurance Agency, Inc., and Pacific West Investment Services, Inc. and are collectively referred to in this notice as "Pacific West".</i></li> </ul>  |
| <b>Nonaffiliates</b>  | <p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>If your representative owns or is employed in a business not affiliated with Pacific West, such as tax preparation or insurance practice, then Pacific West shares with that nonaffiliated business. Pacific West does not share with any other nonaffiliates so they can market to you.</i></li> </ul>  |
| <b>Joint Marketing</b>  | <p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>▪ <i>Pacific West doesn't jointly market.</i></li> </ul>   |