

**ITEM 1. COVER PAGE FOR PART 2A OF FORM ADV:
FIRM BROCHURE**

DATED: JANUARY 2013

PROSPERITY FINANCIAL GROUP, INC

2333 SAN RAMON VALLEY BLVD., SUITE 200

SAN RAMON, CA 94583

P: (925) 314-8500

**FIRM CONTACT: CHARLES BALLWEG, CHIEF COMPLIANCE OFFICER
FIRM WEBSITE ADDRESS: WWW.PROSPERITYFG.COM**

This brochure provides information about the qualifications and business practices of Prosperity Financial Group, Inc. If you have any questions about the contents of this brochure, please contact our firm by telephone at (925) 314-8500 or by email at chuck@prosperityfg.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Prosperity Financial Group, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov by searching CRD#: 145540.

Please note that the use of the term "registered investment adviser" and description of Prosperity Financial Group, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF FORM ADV: FIRM BROCHURE

Prosperity Financial Group, Inc. is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

Last annual amendment filing date: 02/17/2012

At this time, there are no material changes to report about our Brochure.

ITEM 3. TABLE OF CONTENTS:

<u>Section:</u>	<u>Page(s):</u>
Item 1. Cover Page for Part 2A of Form ADV: Firm Brochure.....	1
Item 2. Material Changes to our Part 2A of Form ADV: Firm Brochure.....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business.....	4
Item 5. Fees & Compensation	7
Item 6. Performance-Based Fees & Side-By-Side Management	9
Item 7. Types Of Clients & Account Requirements	9
Item 8. Methods Of Analysis, Investment Strategies & Risk Of Loss	10
Item 9. Disciplinary Information.....	11
Item 10. Other Financial Industry Activities And Affiliations	11
Item 11. Code Of Ethics, Participation Or Interest In Client Transactions & Personal Trading.....	12
Item 12. Brokerage Practices.....	14
Item 13. Review Of Accounts Or Financial Plans.....	17
Item 14. Client Referrals & Other Compensation	18
Item 15. Custody	19
Item 16. Investment Discretion	20
Item 17. Voting Client Securities	20
Item 18. Financial Information	21
Item 19. Requirements For State-Registered Advisers.....	21

ITEM 4. ADVISORY BUSINESS

A. Description of our advisory firm, including how long we have been in business and our principal owner(s).

Prosperity Financial Group, Inc. is dedicated to providing clients with a wide array of investment advisory services. We specialize in Asset Management, Financial Planning and Consulting, and Pension Consulting. Our firm is a corporation formed in the State of California. We began conducting business as an investment adviser beginning 2010, and is owned as follows:

Charles Ballweg – Fifty-percent owner

Elliot Kallen – Fifty-percent owner

B. Description of the types of advisory services we offer.

(i) Asset Management:

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”) of our Brochure. Our wrap fee accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, and risk tolerance. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

(ii) Pension Consulting:

We provide pension consulting services to employer plan sponsors on a one-time. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company’s participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

(iii) Financial Planning and Consulting:

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client’s current situation, goals, and objectives. Generally, such financial

planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

Clients should be aware that a conflict of interest may exist between our firm and the client, as some recommendations may result in the compensation of our representatives. Clients are under no obligation to act upon our recommendation and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through our firm.

(iv) Referrals to Third Party Money Managers:

We provide clients with a list of investment advisory services of third party professional portfolio management firms for the individual management of client accounts. As part of this process, we assist clients in identifying an appropriate third party money manager. Prior to referring clients to third party money manager, we ensure that third party money manager are properly licensed or notice filed with the Department of Corporations. We provide initial due diligence on third party money managers and ongoing reviews of their management of your account.

In order to assist clients in the selection of a third party money manager, we typically gather information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that we do not offer advice on any specific securities or

other investments in connection with this service. Investment advice and trading of securities is only offered by or through the third party money managers to clients.

We periodically review third party money managers' reports provided to the client, but no less often than on an annual basis. Our associates contact the clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the third party money manager managing the account or sponsoring the program.

C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients, whether clients may impose restrictions on investing in certain securities or types of securities.

(i) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing our firm's portfolio management service offered through our wrap program. We offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning, Pension Consulting, and Referrals to Third Party Money Managers.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account.

D. Participation in wrap fee programs.

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis.

We manage \$64,761,994 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2012.

ITEM 5. FEES & COMPENSATION

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable. Please note that lower fees for comparable services may be available from other sources.

A. Description of how we are compensated for our advisory services provided to you.

(i) Asset Management:

Our wrap fee program fees and compensation are further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Wrap Fee Program Brochure.

(ii) Pension Consulting:

We charge on an hourly fee basis for pension consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are \$250.

(iii) Financial Planning and Consulting:

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are \$250. Flat fees generally range from \$1,200 to \$10,000.

(iv) Referrals to Third Party Money Managers:

We are paid by third party money managers when we refer you to them and you decide to open a managed account. Third party money managers pay us a portion of the investment advisory fee that they charge you for managing your account. Fees paid to us by third party money manager are generally ongoing. All fees we receive from third party money managers and the written separate disclosures made to you regarding these fees comply with applicable California State statutes and rules. The separate written disclosures you need to be provided with include a copy of the third party money manager's Form ADV Part 2, all relevant Brochures, a Solicitation Disclosure Statement detailing the exact fees we are paid and a copy of the third party money manager's privacy policy. The third party money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them.

B. Description of whether we deduct fees from clients' assets or bill clients for fees incurred.

(i) Asset Management:

Our wrap program fees are billed quarterly in advanced and automatically deducted from client accounts, as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Brochure.

(ii) Pension Consulting:

The fee-paying arrangements for pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for the fees.

(iii) Financial Planning and Consulting:

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$500 when services cannot be rendered within 6 (six) months.

(iv) Referrals to Third Party Money Managers:

Third party money managers establish and maintain their own separate billing processes which we have no control over. In general, they will directly bill you and describe how this works in their separate written disclosure documents.

C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

D. Client's advisory fees are due quarterly in advance.

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

E. Commissionable securities sales.

We sell investment products for a commission. In order to sell securities for a commission, our supervised persons are registered representatives of Financial Telesis, Inc. ("Financial Telesis"),

member of the Financial Industry Regulatory Authority, ("FINRA") and the Securities Investors Protection Corporation ("SIPC").

Our supervised persons may accept compensation for the sale of investment products. You should be aware that the practice of accepting commissions:

- 1) Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise:
 - a) when explaining to clients that commissionable products creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client;
 - b) when recommending commissionable mutual funds, explaining that "no-load" funds are available through our firm if the client wishes to become an investment advisory client.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.
- 3) Does not exceed more than 50% of our revenue.
- 4) Does not reduce your advisory fees to offset the commissions our supervised persons receive.

ITEM 6. PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

We do not charge performance fees to our clients.

ITEM 7. TYPES OF CLIENTS & ACCOUNT REQUIREMENTS

We have the following types of clients:

- Individuals;
- High Net Worth Individuals;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Minimum total account size of \$100,000.
- We generally charge a minimum fee of \$1,200 for written financial plans.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

Methods of Analysis:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Investment Strategies We Use:

Long-term purchases. When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an

attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Margin transactions. We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

Please note:

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

- B. Our practices regarding cash balances in client accounts, including whether we invest cash balances for temporary purposes and, if so, how.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services as applicable to our client's project.

ITEM 9. DISCIPLINARY INFORMATION

Neither our firm nor management has disciplinary events to disclose.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

- A. Our firm or our management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. The details are as follows:

Our firm's investment adviser representatives are also registered representatives of Financial Telesis, Inc. ("Financial Telesis"), a registered broker-dealer and Member FINRA/SIPC. Investment adviser representatives may offer annuities products, variable life products, and manage 401k Plans. This presents a conflict of interest to the extent that our investment adviser

representatives may recommend that a client purchase a commissionable product. Clients are under no obligation to purchase any commissionable products from our adviser representatives.

- B. Description of any relationship or arrangement that is material to our advisory business or to our clients, that we or any of our management persons have with any related person¹ listed below. We are required to identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how we address it.

Our firm's investment adviser representatives are also licensed insurance agents through various insurance companies. In such capacity, they may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that they recommend the purchase of an insurance product which results in a commission being paid to them as an insurance agent. They spend approximately 10% of their time on these activities. Clients are under no obligation to purchase insurance products through our firm's representatives.

- C. If we recommend or select other investment advisers for our clients and we receive compensation directly or indirectly from those advisers, or we have other business relationships with those advisers, we are required to describe these practices and discuss the conflicts of interest these practices create and how we address them.

Please see Item 4B (iv) of this Brochure.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

- A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if

¹ Our **Related Persons** are any **advisory affiliates** and any **person** that is under common **control** with our firm. **Advisory Affiliate:** Our advisory affiliates are (1) all of our officers, partners, or directors (or any **person** performing similar functions); (2) all **persons** directly or indirectly **controlling** or **controlled** by us; and (3) all of our current **employees** (other than **employees** performing only clerical, administrative, support or similar functions). **Person:** A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company ("LLC"), limited liability partnership ("LLP"), sole proprietorship, or other organization.

investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- B. If our firm or a related person invests in the same securities (or related securities, e.g. warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

Our firm's related person may invest in the same securities that our firm's related person recommends to clients. In order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts². In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. We require all of our supervised persons to conduct business with the highest level of

² For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- C. If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this Brochure. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

ITEM 12. BROKERAGE PRACTICES

- A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).
1. Research and Other Non-Soft Dollar Benefits. If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), we must disclose our practices and discuss the conflicts of interest they create.

Our firm 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. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program.

- a. Explanation of when we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

We may receive economic benefits through our participation in TD Ameritrade Institutional 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): receipt of duplicate Client statements and confirmations; 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 Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor 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 part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving best execution.

Through our participation in TD Ameritrade's institutional program, we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice we give to our Clients.

- c. Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

We do not determine the commission and/or transaction fees to be paid to TD Ameritrade nor do we receive soft-dollar benefits from TD Ameritrade as a result of any fees clients may pay to TD Ameritrade.

- d. Disclosure of whether we use soft dollar benefits to service all of our clients' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

We do not receive soft dollar benefits although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients.

- e. Description of the types of products and services our firm or any of our related persons acquired with client brokerage commissions (or markups or markdowns within our last fiscal year.

We do not acquire client brokerage commissions (or markups or markdowns).

- f. Explanation of the procedures we used during our last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits we received.

We do not receive have any soft dollar relationships and do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

- 2) Brokerage for Client Referrals. If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (i.e., the system of controls used by us when allocating brokerage)

Our firm does not receive brokerage for client referrals.

- 3) Directed Brokerage.

- a. If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy.

We or any of our firm's related person do not have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are

not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

- b. If we permit a client to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost clients more money.

We allow clients to direct brokerage. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

- B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

ITEM 13. REVIEW OF ACCOUNTS OR FINANCIAL PLANS

- A. Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a quarterly basis for our clients subscribing to our firm's Wrap Asset Management and Third Party Money Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Charles Ballweg, Elliot Kallen and/or the assigned IAR on the account will conduct all reviews.

Pension consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to pension consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

B. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our firm's Wrap Asset Management and Third Party Money Management services.

As mentioned in Item 13A of this Brochure, pension consulting clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Pension Consulting services.

As also mentioned in Item 13A of this Brochure, financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

ITEM 14. CLIENT REFERRALS & OTHER COMPENSATION

A. If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

TD AMERITRADE:

We receive 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 as described in Item 12 of this Brochure. TD Ameritrade provides the Additional Services to our firm at its sole discretion and at its own expense, and we do not pay any fees to TD Ameritrade for the Additional Services. Our firm and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

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

- B. If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with applicable California State statutes and rules.

ITEM 15. CUSTODY

- A. If we have custody of client funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) does not send account statements with respect to those funds or securities directly to our clients, we must disclose that we have custody and explain the risks that you will face because of this.

State Securities Bureaus or their equivalent generally takes the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser’s instruction to the custodian is deemed to have custody of client funds and securities.

As such, we have adopted the following safeguarding procedures:

- (1) Our clients must provide us with written authorization permitting direct payment to us of our advisory fees from their account(s) maintained by a custodian who is independent of our firm;

- (2) We must send a statement to our clients showing the amount of our fee, the value of your assets upon which our fee was based, and the specific manner in which our fee was calculated;
- (3) We must disclose to you that it is your responsibility to verify the accuracy of our fee calculation, and that the custodian will not determine whether the fee is properly calculated; and
- (4) Your account custodian must agree to send you a statement, at least quarterly, showing all disbursements from your account, including advisory fees.

B. If we have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to our clients, we are required to explain that you will receive account statements from the broker-dealer, bank, or other qualified custodian and that you should carefully review those statements.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

ITEM 16. INVESTMENT DISCRETION

If we accept discretionary authority to manage securities accounts on behalf of clients, we are required to disclose this fact and describe any limitations our clients may place on our authority. The following procedures are followed before we assume this authority:

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account.

ITEM 17. VOTING CLIENT SECURITIES

If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

However, third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

ITEM 18. FINANCIAL INFORMATION

- A. If we require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year.

- B. If we are a state registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

- A. Identification of each of our principal executive officers and management persons, and description of their formal educations and business backgrounds.

Charles A. Ballweg, CLU®, ChFC®, CFP®, MSFS, AEP®

Formal Education:

- ❖ University of Wisconsin-Madison, B.S./B.A. Education/Wildlife Sciences, 1971.
- ❖ American College, M.S. Financial Services, 2002.

Business Background for Previous Five Years:

- ❖ Prosperity Financial Group, Inc., Chief Compliance Officer, Secretary/Treasurer, 03/2000 to Present.
- ❖ Financial Telesis, Inc., Registered Representative, 06/2010 to Present.
- ❖ Raymond James Financial Services, Inc., Registered Representative, 04/2000 to 06/2010.

Exams:

- ❖ Series 65
- ❖ Series 63
- ❖ Series 51
- ❖ Series 24
- ❖ Series 7

Elliot H. Kallen

Formal Education:

- ❖ Rutgers University, B.S. Accounting, 1980.

Business Background for Previous Five Years:

- ❖ Prosperity Financial Group, Inc., President, 03/2000 to Present.
- ❖ Financial Telesis, Inc., Registered Representative, 06/2010 to Present.
- ❖ Raymond James Financial Services, Inc., Registered Representative, 04/2000 to 06/2010.

Exams:

- ❖ Series 65
- ❖ Series 63
- ❖ Series 51
- ❖ Series 24

- ❖ Series 7

Henry A. Fanger, ChFC®, CLU®

Formal Education:

- ❖ Washington University, B.A., 1964.
- ❖ University of California, Berkeley, MBA, 1970.

Business Background for Previous Five Years:

- ❖ Prosperity Financial Group, Inc., Investment Adviser Representative, 06/2010 to Present.
- ❖ Financial Telesis, Inc., Registered Representative, 06/2010 to Present.
- ❖ Raymond James Financial Services, Inc., Registered Representative, 01/2009 to 06/2010.

Exams:

- ❖ Series 7
- ❖ Series 63
- ❖ Series 24

Cesar (Al) B. Dantes

Formal Education:

- ❖ Ateneo de Manila University, B.A. Economics, 1972.

Business Background for Previous Five Years:

- ❖ Prosperity Financial Group, Inc., Investment Adviser Representative, 06/2010 to Present.
- ❖ Raymond James Financial Services, Inc., Registered Representative, 09/2006 to 06/2010.
- ❖ Wells Fargo Investments, LLC, Registered Representative, 11/2004 to 09/2006.
- ❖ Smith Barney, Inc., Registered Representative, 03/1984 to 09/2004.

Exams:

- ❖ Series 7
- ❖ Series 63

- B. Description of any business in which we are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business.

Our firm's investment adviser representatives are registered representatives of Financial Telesis. They may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds.

A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

Our firm's investment adviser representatives are also licensed insurance agents through various insurance companies. In such capacity, they may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that they recommend the purchase of an insurance product which results in a commission being paid to them as an insurance agent. They spend approximately 10% of their time on these activities.

- C. In addition to the description of our fees in response to Item 5 of Part 2A, if our firm or a supervised person is compensated for advisory services with performance-based fees, we must explain how these fees will be calculated.

We do not charge performance-based fees.

- D. If our firm or a management person has been involved in one of the disciplinary events required to be disclosed by State regulators, we must disclose all material facts regarding the event.

Neither our firm nor our management has any disciplinary events to disclose.

- E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, we must describe any relationship or arrangement that our firm or any of our management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

We have nothing to disclose in this regard.

- F. Conflict of Interest Disclosure. Any material conflict of interest relating to you or your representatives and employees that could be reasonably expected to impair the rendering of unbiased or objective advice should be disclosed.

Our firm does receive compensation arrangements connected with advisory services which are in addition to advisory fees. Representatives of our firm may in their individual capacities may have financial affiliations and/or receive compensation outside of our firm. If so, this will be disclosed in Item 10 of this Brochure. As a fiduciary, we always put our Client's interest above our own. Information regarding participation of interest in client transactions can be found in our Code of Ethics as well as Item 12 of this Brochure.