

Five Star Wealth Manager Award



Program Summary and Research Methodology (Effective for 2012 Awards)

October 26, 2011

Five Star Professional ♦ 2117 Cliff Drive ♦ Eagan, MN 55122 ♦ 651-259-1871

—PROPRIETARY—

Five Star Wealth Manager Award Program Summary & Research Methodology

Program Summary

Five Star Professional conducts market-specific research throughout the U.S. and Canada to identify service professionals who provide quality services to their clients.

Now entering its seventh year, the Five Star Wealth Manager program is the largest and most widely published wealth manager award program in North America, covering more than 40 major markets. The list of Five Star Wealth Managers for each market is published in the leading city and regional magazine and/or business publication and on fivestarprofessional.com. Five Star award winners do not pay a fee to be included in the research or the final list of award winners.

The chart in Appendix A provides a summary of the Five Star Wealth Manager award program.

Program Review with SEC Staff

The Five Star Wealth Manager award program was presented and discussed with the SEC Staff in Washington, D.C. in June, 2011. The SEC Staff verbally advised Five Star Professional that the program does not constitute a client testimonial because (a) clients do not participate in the nomination and pre-qualification process and (b) the use of consumer survey feedback in the regulatory history/consumer complaint process is insignificant in the overall award selection process.

In the Investment Advisers Association No Action Letter (December 2, 2005) the SEC Staff lists eight factors that investment advisers should consider when determining whether any advertisement containing a third party rating is false or misleading. Appendix B describes how the Five Star Wealth Manager program satisfies each of the factors. This analysis was provided to the SEC Staff in Washington, D.C. during Five Star Professional's discussions with the staff in June, 2011.

Research Objective

The research objective is to develop a list of wealth managers in a given market who satisfy objective eligibility and evaluation criteria that are associated with providing quality services to clients.

For purposes of this program, wealth managers are defined to be those individuals who help their clients prepare a financial plan and/or implement aspects of their financial plan. Wealth managers include investment advisory representatives (IARs), FINRA-registered representatives, CPAs who specialize in retail tax advice or preparation, and licensed attorneys specializing in estate planning and trust services. Less than 7% of the wealth managers in a market are included on the published list. The list is not intended to be exhaustive.

To receive the Five Star Wealth Manager award, a wealth manager must satisfy 10 objective eligibility and evaluation criteria that are associated with wealth managers who provide quality services to their clients.

The award process is conducted annually in each market.

Research Methodology

The following steps define the process used to ensure that the research objective is met:

A. Award Candidate Identification Process

The nomination and pre-qualification process is designed to identify the broadest possible population of high quality award candidates in order to ensure that eventual award winners have been drawn from a large and diverse pool. Award candidates are identified by one of three sources; firm nomination, peer nomination or pre-qualification. Self-nominations are not accepted.

1. Define Research Geography and Relevant Population of Wealth Managers and Firms

Five Star Professional defines the relevant geographic area for the research and identifies the wealth managers and firms in that area.

All identified FINRA-registered representatives, as defined by an outside data provider, and past Five Star Wealth Manager award winners are contacted as part of the peer nomination process. All broker-dealers and RIAs, as identified by a third-party data firm, are contacted as part of the firm nomination process.

2. Acquire Peer and Firm Nomination Lists

Once the populations of peers and firms have been determined, the data is acquired. No randomization is required as all available records are used. Five Star Professional processes all mailing lists through industry-leading verification software to ensure that data is updated with any change-of-address submissions to the USPS in order to maximize the deliverability of each piece.

3. Solicit Peer and Firm Nominations

Peers and firms are asked to nominate one or more wealth managers they know who have an established practice, good client relationships and a strong reputation. Nominees can be FINRA-registered representatives, investment adviser representatives, retail tax accountants and estate planning attorneys.

Peer Nominations:

Peers are mailed a letter informing them of the opportunity to nominate wealth managers by accessing Five Star Professional's web-based nomination system. To ensure quality, Five Star Professional manages its own printing and mail house functions.

Each peer may nominate up to six wealth managers. All nominations are collected through an individual online form. Nominators are required to self-identify by providing their name and contact information.

Follow-up calls are made to non-responders asking them to complete the online peer nomination form. Five Star Professional manages its own research call center. All callers follow a defined script.

Firm Nominations:

Firms are mailed a letter informing them of the opportunity to nominate wealth managers by accessing Five Star Professional's web-based nomination system. A firm may nominate up to 10% of its wealth managers in the market for consideration. Firms with fewer than 10 wealth managers in a market may nominate one wealth manager. The firm representative submitting nominations must provide their contact information.

4. Collect Nominations and Verify Validity

Peer Nominations:

Five Star Professional collects peer nominations submitted to Five Star Professional's web-based nomination system. Five Star Professional's research staff reviews nominations for completeness of required information and to guard against self-nomination. In the event of questions research staff contacts the peer that submitted the nominations.

Firm Nominations:

Five Star Professional collects firm nominations submitted to Five Star Professional's web-based nomination system. Five Star Professional's research staff reviews nominations for completeness of required information and to ensure no more than 10% of the wealth managers of each firm in the market are nominated. Firms with less than 10 wealth managers may nominate one wealth manager. In the event of questions, research staff contacts the firm representative who submitted the nominations.

5. Identify Pre-Qualified Award Candidates

Internal and external data sources are used to identify relevant and high potential candidates. Multiple pre-qualification attributes are considered and may include years in the industry, fiduciary status, and assets administered, among others.

6. Verify Award Candidate License and Contact Information

Each award candidate is matched to a license/registration number (FINRA, IAR, CPA or attorney). Once found on the license/registration site, each wealth manager's license status (active or non-active) and disciplinary history are noted.

Five Star Professional employees identify contact information, using company and other directories.

7. Conduct Regulatory and Consumer Complaint Review

To ensure that award candidates are in good standing with a favorable regulatory history, regulatory reviews of reported complaints and disciplinary actions are conducted for each candidate and consumer feedback is gathered to augment the process.

As part of the regulatory review, Five Star Professional conducts a review of each award candidate as reported by FINRA, the SEC, the State Board of Accountancy or the State Bar. For wealth managers with a CRD Number, Five Star Professional relies on the wealth manager's FINRA BrokerCheck Report. For wealth managers without a CRD Number, Five Star Professional relies on Form ADV for the wealth manager's firm.

As part of the consumer complaint process, Five Star Professional identifies households that have a high propensity to use the services of a wealth manager. One in 12 households within that population are surveyed.

Additionally, Five Star Professional promotes, via local advertising and through their website, the opportunity to submit feedback regarding a wealth manager. Respondents are given the opportunity to submit feedback, including whether they had an unsatisfactory experience with a wealth manager. Complaint data submitted through this process serves as an early alert system to unfiled consumer complaints and augments the regulatory review of reported complaints.

A favorable regulatory and complaint history is defined by Five Star Professional to mean that the wealth manager has not:

- Been subject to a regulatory action that resulted in a license being suspended or revoked, or payment of a fine
- Had more than a total of three settled or pending customer complaints filed against them (excluding dismissed complaints) with any regulatory authority or through Five Star Professional's consumer complaint process
- Individually contributed to a financial settlement of a customer complaint
- Filed for personal bankruptcy
- Been convicted of a felony

Wealth managers who do not have a favorable regulatory history, based upon the criteria listed above, are removed from consideration.

Each wealth manager who passes the Five Star regulatory and complaint history review must also attest that they meet the definition of favorable regulatory history, based upon the criteria listed above. This step occurs at the time the wealth manager submits information about themselves and their practice (see item B.).

B. Selection Process

1. Collect Award Candidate Data

Five Star Professional sends each award candidate a letter with instructions to submit information about themselves and their practice, including specific data related to eligibility and selection criteria. They are required to certify the information they provide is accurate. Award candidates who satisfy the following 10 objective eligibility and evaluation criteria associated with providing quality services to their clients receive the Five Star Wealth Manager award.

Eligibility Criteria – Required

1. Credentialed as an investment advisory representative (IAR), a FINRA-registered representative, a CPA or a licensed attorney.
2. Actively employed as a credentialed professional in the financial services industry for a minimum of five years.
3. Favorable regulatory and complaint history review.
4. Fulfilled their firm review based on internal firm standards.
5. Accepting new clients.

Evaluation Criteria - Considered

6. One-year client retention rate.
7. Five-year client retention rate.
8. Non-institutional discretionary and/or non-discretionary client assets administered.
9. Number of client households served.
10. Education and professional designations.

The specific numeric values for some of the objective evaluation criteria are determined after the wealth managers have submitted their wealth-manager-provided data forms. For example, Five Star Professional will determine the numeric requirement for the client assets administered evaluation criteria after the data forms have been received. This helps assure a final list that is appropriately sized for the market, and it also allows Five Star Professional to accommodate the varying levels of client assets administered by wealth managers in different regions of the country.

It is recognized that the data for a wealth manager's five-year client retention rate may not be available. Therefore, submission of this data is optional and is only considered if provided. The one-year and five-year client retention rates are uniquely weighted based on market-specific submitted data to minimize the impact of non-submission.

2. Evaluate Award Candidates

Once the data forms are collected, award candidates are evaluated based on the 10 eligibility and evaluation criteria. Five Star Professional finalizes the preliminary list of Five Star Wealth Managers to be no more than 7% of the wealth managers in the area.

3. Firm Review

Each firm has the opportunity to review the preliminary award winners from its firm. As part of their review, firms are able to remove individuals from the preliminary list of award winners for internal company reasons such as failure to adhere to company standards (behavior, performance, compliance, etc.).

4. Award Winner Notification

Five Star Wealth Manager award winners are notified of their inclusion on the final list of award winners. Those candidates who do not qualify are also notified accordingly.

Award List Publication

The contracting magazine publishes an article, prepared by Five Star Professional, which describes the nomination process and determination of award winners, and presents the resulting list of Five Star Wealth Managers. Five Star Wealth Managers are typically listed in the magazine under their primary financial service. Five Star Wealth Managers are also listed on fivestarprofessional.com.

Wealth managers do not pay a fee to be included in the research process or to be named as a Five Star Wealth Manager. In connection with publication of the article, wealth managers may elect to pay a fee to include a photo and certain profile information in the “profiles” section that accompanies the article. For additional fees, Five Star Professional will provide reprints of the section article and provide the wealth manager with strategies and tools for further publicizing being named as a Five Star Wealth Manager. A wealth manager’s purchase of a profile, reprints or other services does not influence Five Star Professional’s determination whether to include or exclude a particular wealth manager from any list of Five Star Wealth Managers.

See Appendix C for a sample section article, listing page and profile ads.

The following research declarations are included in the section article:

- The 2012 Five Star Wealth Managers do not pay a fee to be included in the research or the final list of Five Star Wealth Managers.
- The Five Star award is not indicative of the wealth managers’ future performance.
- Wealth managers may or may not use discretion in their practice and therefore may not manage their clients’ assets.
- The inclusion of a wealth manager on the Five Star Wealth Manager list should not be construed as an endorsement of the wealth manager by Five Star Professional or the magazine.

- Working with a Five Star Wealth Manager or any wealth manager is no guarantee as to future investment success nor is there any guarantee that the selected wealth managers will be awarded this accomplishment by Five Star Professional in the future.
- Five Star Professional is not an advisory firm and the content of this article should not be considered financial advice.
- For more information on the Five Star award and the research/selection methodology, go to: fivestarpromotional.com.

Appendix A – 2012 Five Star Wealth Manager Program Summary Chart

Research Objective		The research objective is to develop a list of wealth managers in a given market who satisfy objective eligibility and evaluation criteria that are associated with providing quality services to clients. For purposes of this program, wealth managers are defined to be those individuals who help their clients prepare a financial plan and/or implement aspects of their financial plan.
Award Requirements		To receive the Five Star Wealth Manager award, a wealth manager must satisfy 10 objective eligibility and evaluation criteria that are associated with wealth managers who provide quality services to their clients.
Sources of Award Candidates	Adviser Peers	All identified FINRA-registered representatives, as defined by an outside data provider, and past Five Star Wealth Manager award winners are contacted as part of the peer nomination process. Each peer may nominate up to six wealth managers. Self-nominations are not accepted.
	Adviser Firms	All broker dealers and RIAs, as identified by a third-party data firm, are contacted as part of the firm nomination process. A firm may nominate up to 10% of its wealth managers in the market for consideration. Firms with fewer than 10 wealth managers in a market may nominate one wealth manager.
	Pre-Qualification	Internal and external data sources are used to identify relevant and high potential candidates. Multiple pre-qualification attributes are considered and may include years in the industry, fiduciary status and assets administered, among others.
Regulatory Review		Regulatory reviews of reported complaints and disciplinary actions are conducted for each award candidate and consumer feedback is gathered to augment the process.
Award Eligibility & Evaluation Criteria		<p>Award candidates who move on in the process are asked to submit information related to 10 objective eligibility and evaluation criteria associated with providing quality services to clients. The following 10 criteria are used in determining the 2012 Five Star Wealth Manager award winners:</p> <p><i>Eligibility Criteria – Required</i></p> <ol style="list-style-type: none"> 1) Credentialed as an investment advisory representative (IAR), a FINRA-registered representative, a CPA or a licensed attorney. 2) Actively employed as a credentialed professional in the financial services industry for a minimum of five years. 3) Favorable regulatory and complaint history review.⁽¹⁾ 4) Fulfilled their firm review based on internal firm standards. 5) Accepting new clients. <p><i>Evaluation Criteria – Considered</i></p> <ol style="list-style-type: none"> 6) One-year client retention rate. 7) Five-year client retention rate.⁽²⁾ 8) Non-institutional discretionary and/or non-discretionary client assets administered. 9) Number of client households served. 10) Education and professional designations. <p>The specific numeric values for some of the objective evaluation criteria are determined after the wealth managers have submitted their wealth-manager-provided data forms. For example, Five Star Professional will determine the numeric requirement for the client assets administered evaluation criteria after the data forms have been received. This helps assure a final list that is appropriately sized for the market, and it also allows Five Star Professional to accommodate the varying levels of client assets administered by wealth managers in different regions of the country.</p> <p>⁽¹⁾ Feedback from consumer surveys, including whether respondents had an unsatisfactory experience with a wealth manager is used to augment the regulatory history review.</p> <p>⁽²⁾ It is recognized that the data for a wealth manager's five-year client retention rate may not be available. Therefore, submission of this data is optional and is only considered if provided. The one-year and five-year client retention rates are uniquely weighted based on market-specific submitted data to minimize the impact of non-submission.</p>
Firm Review		Each firm then has the opportunity to review preliminary award winners from its firm and remove individuals for internal company reasons.
Program Review with SEC Staff		The Five Star Wealth Manager award program was presented and discussed with the SEC Staff in Washington D.C. in June, 2011. The SEC Staff verbally advised Five Star Professional that the program does not constitute a client testimonial. In the Investment Advisers Association No Action Letter (December 2, 2005) the SEC Staff lists eight factors that investment advisers should consider when determining whether any advertisement containing a third party rating is false or misleading. Appendix B describes how the Five Star Wealth Manager program satisfies each of the factors.
Award List Publication		Less than 7% of the wealth managers in a market receive the Five Star Wealth Manager award. The list of Five Star Wealth Managers for each market is published in the leading city and regional magazine and/or business publication and on fivestarpromotional.com. See Appendix C for a sample section article, listing page, and profile ads. Five Star award winners do not pay a fee to be included in the research or the final list of award winners.

Appendix B
Adherence to SEC Eight Factors

In the Investment Advisers Association No-Action Letter (December 2, 2005), the SEC Staff lists eight factors that investment advisers should consider when determining whether any advertisement containing a third party rating is false or misleading. Five Star Professional’s analysis of how the Five Star Wealth Manager award program satisfies each of the factors is identified below.

Please note that the Five Star Wealth Manager program does not rate or rank advisers but rather identifies wealth managers who satisfy 10 objective eligibility and evaluation criteria.

SEC Eight Factors	Five Star Program Adherence
<p>1. Whether the advertisement discloses the criteria on which the rating is based.</p>	<p>The editorial copy in the Program article (under the heading “Determination of Award Winners”) describes the objective eligibility and evaluation criteria.</p> <p>The following 10 objective eligibility and evaluation criteria are considered in determining the 2012 Five Star Wealth Managers award winners:</p> <p><i>Eligibility Criteria – Required</i></p> <ol style="list-style-type: none"> 1) Credentialed as an investment advisory representative (IAR), a FINRA-registered representative, a CPA or a licensed attorney. 2) Actively employed as a credentialed professional in the financial services industry for a minimum of five years. 3) Favorable regulatory and complaint history review.⁽¹⁾ 4) Fulfilled their firm review based on internal firm standards. 5) Accepting new clients. <p><i>Evaluation Criteria – Considered</i></p> <ol style="list-style-type: none"> 6) One-year client retention rate. 7) Five-year client retention rate.⁽²⁾ 8) Non-institutional discretionary and/or non-discretionary client assets administered. 9) Number of client households served. 10) Education and professional designations. <p>The specific numeric values for some of the objective evaluation criteria are determined after the wealth managers have submitted their wealth-manager-provided data forms. For example, Five Star Professional will determine the numeric requirement for the client assets administered evaluation criteria after the data forms have been received. This helps assure a final list that is appropriately sized for the market, and it also allows Five Star Professional to accommodate the varying levels of client assets administered by wealth managers in different regions of the country.</p> <p>⁽¹⁾ Feedback from consumer surveys, including whether respondents had an unsatisfactory experience with a wealth manager, is used to augment the regulatory history review.</p> <p>⁽²⁾ It is recognized that the data for a wealth manager’s five-year client retention rate may not be available. Therefore, submission of this data is optional and is only considered if provided. The one-year and five-year client retention rates are uniquely weighted based on market-specific submitted data to minimize the impact of non-submission.</p>

SEC Eight Factors	Five Star Program Adherence
<p>2. Whether an investment adviser advertises any favorable rating without disclosing any facts that the adviser knows would call into question the validity of the rating or the appropriateness of advertising the rating (<i>e.g.</i>, the adviser knows that it has been the subject of numerous client complaints relating to the rating category or in areas not included in the survey).</p> <p style="text-align: center;">(and)</p> <p>3. Whether an investment adviser advertises any favorable rating without also disclosing any unfavorable rating of the adviser.</p>	<p>Wealth managers who satisfy the 10 objective eligibility and evaluation criteria (listed above) are named Five Star Wealth Managers for the year.</p> <p>Although individual wealth managers have responsibility for disclosing negative information in connection with their use of the article or any subsequent advertisement, Five Star Professional has imposed objective eligibility criteria to exclude wealth managers with unfavorable regulatory or firm feedback.</p> <p>These eligibility and evaluation requirements include:</p> <p><u>Objective Eligibility Criteria #3:</u> Wealth manager must have a favorable regulatory and complaint history. A favorable regulatory and complaint history is defined by Five Star Professional to mean that the wealth manager has not:</p> <ul style="list-style-type: none"> • Been subject to a regulatory action that resulted in a license being suspended or revoked, or payment of a fine • Had more than a total of three settled or pending customer complaints filed against them (excluding dismissed complaints) with any regulatory authority or through Five Star Professional’s consumer complaint process • Individually contributed to a financial settlement of a customer complaint • Filed for personal bankruptcy • Been convicted of a felony <p>Five Star Professional utilizes two processes to ensure that a favorable regulatory history exists.</p> <ul style="list-style-type: none"> • Five Star Professional conducts a regulatory review of each wealth manager using the Investment Adviser Public Disclosure (IAPD) website. Wealth managers who do not have a favorable regulatory history, based upon the eligibility criteria listed above, are removed from consideration. • Each wealth manager who passes the Five Star regulatory review must attest that they meet the definition of favorable regulatory history, based upon the eligibility criteria listed above. This step occurs at the time the wealth manager submits information about themselves and their practice. <p><u>Objective Eligibility Criteria #4:</u> Fulfilled their firm review based on internal firm standards.</p>

SEC Eight Factors	Five Star Program Adherence
<p>4. Whether the advertisement states or implies that an investment adviser was the top-rated adviser in a category when it was not rated first in that category.</p> <p style="text-align: center;">(and)</p> <p>5. Whether, in disclosing an investment adviser’s rating, the advertisement clearly and prominently discloses the category for which the rating was calculated or determined, the number of advisers surveyed in that category, and the percentage of advisers that received that rating.</p>	<p>The editorial copy in the Program article does not categorize, rate or rank wealth managers.</p> <p>For the purposes of the research, wealth managers are defined as those individuals who help their clients prepare a financial plan and/or implement aspects of their financial plan. Wealth managers must satisfy Objective Eligibility Criteria #1: Wealth manager must be credentialed as an investment advisory representative (IAR), a FINRA-registered representative, a CPA or a licensed attorney.</p> <p>The editorial copy in the Program article (under the heading “Determination of Award Winners”) describes the objective eligibility and evaluation criteria (listed in item 1 above) that wealth managers must satisfy. Wealth managers who satisfy the 10 objective eligibility and evaluation criteria associated with providing quality services to their clients receive the Five Star Wealth Manager award.</p> <p>The footnotes of the editorial copy identify:</p> <ul style="list-style-type: none"> ▪ The total number of award candidates for consideration of the Five Star Wealth Manager award, and ▪ The number and percentage of wealth managers who successfully satisfied the 10 objective eligibility and evaluation criteria and received the Five Star Wealth Manager award. <p>Wealth Managers are allowed to list a primary financial service they provide their clients. Service categories include: Business Planning; Estate Planning; Financial Planning; Insurance; Investments; Taxation; Trust Services.</p>
<p>6. Whether the advertisement discloses that the rating may not be representative of any one client’s experience because the rating reflects an average of all, or a sample of all, of the experiences of the investment adviser’s clients.</p>	<p>The editorial copy in the Program article (under the heading “Award Candidates”) states “award candidates are identified by one of three sources; firm nomination, peer nomination or pre-qualification based on industry standing..” Wealth managers cannot be nominated by a client.</p> <p>The editorial copy in the Program article (under the heading “Determination of Award Winners”) describes the objective eligibility and evaluation criteria (listed in item 1 above) that wealth managers must satisfy. Wealth managers who satisfy the 10 objective eligibility and evaluation criteria associated with providing quality services to their clients receive the Five Star Wealth Manager award.</p>

SEC Eight Factors	Five Star Program Adherence
<p>7. Whether the advertisement discloses that the rating is not indicative of the investment adviser's future performance.</p>	<p>The editorial copy in the Program article (under the heading “Research Disclosures”) includes the following disclosures regarding the wealth manager’s future performance:</p> <p>“The Five Star award is not indicative of the wealth managers’ future performance.”</p> <p>“Working with a Five Star Wealth Manager or any wealth manager is no guarantee as to future investment success nor is there any guarantee that the selected wealth managers will be awarded this accomplishment by Five Star Professional in the future.”</p> <p>“The inclusion of a wealth manager on the Five Star Wealth Manager list should not be construed as an endorsement of the wealth manager by Five Star Professional or the magazine.”</p>
<p>8. Whether the advertisement discloses prominently who created and conducted the survey, and that investment advisers paid a fee to participate in the survey.</p>	<p>The editorial copy in the Program article includes statements that Five Star Professional created and conducted the survey.</p> <p>The editorial copy in the Program article (under the heading “Research Disclosures”) includes the following disclosure:</p> <p>“Wealth managers do not pay a fee to be considered or placed on the final list of Five Star Wealth Managers.”</p>



2012 Los Angeles Five Star Wealth Managers

In a consumer study about dynamics between wealth managers and their clients, Five Star Professional polled wealth managers and consumers about communications. Both groups said that connecting three to four times a year is the right communications strategy, but expectations are not aligned in all areas:

- 29 percent of consumers want to be contacted by their wealth manager whenever events require an update; only 7 percent of wealth managers say they contact clients based on the impact of events.
- 63 percent of consumers say they receive the right amount of communication from their wealth manager.

From research conducted by Five Star Professional, April 2011.

Wealth managers, broadly defined, are those individuals who help you manage your financial world and/or implement aspects of your financial strategies. Common examples of wealth managers are financial advisors, financial planners, investment

advisors, tax advisors and estate planning attorneys.

How do you find a wealth manager with experience, who has a good base of clients with high retention rates, and who has undergone a regulatory and complaint review? And when you find them, are they accepting new clients?

Los Angeles magazine and Five Star Professional partnered to find wealth managers who satisfy 10 objective eligibility and evaluation criteria that are associated with wealth managers who provide quality services to their clients. Among many distinguishing attributes, the average one-year client retention rate for this year's award winners is more than 93 percent.

“Don't listen to other people. Investigate for yourself. Be wary of advisers who say they never had a down year.”

— *Five Star Wealth Manager*

A Select AWARD

The resulting list of 2012 Five Star Wealth Managers is a select group, representing less than 1 percent of the wealth managers in the Los Angeles area.⁽¹⁾

Although this list is a useful tool for anyone looking for help in managing their financial world or implementing aspects of their financial strategies, it should not be considered exhaustive. Undoubtedly, there are many excellent wealth managers who, for one reason or another, are not on this year's list.

Award CANDIDATES

3,000 registered financial services professionals and all identified financial service companies in the area that are registered with FINRA or the SEC.

In order to consider a broad population of high-quality wealth managers, award candidates are identified by one of three sources: firm nomination, peer nomination or pre-qualification based on industry standing. Self-nominations are not accepted. Los Angeles award candidates were identified using internal and external research data, including a survey to more than

Determination OF AWARD WINNERS

Award candidates who satisfied 10 objective eligibility and evaluation criteria that are associated with wealth managers who provide quality services were named 2012 Five Star Wealth Managers.⁽²⁾

Eligibility Criteria - Required⁽³⁾

1. Credentialed as an investment advisory representative (IAR), a FINRA-registered representative, a CPA or a licensed attorney.
2. Actively employed as a credentialed professional in the financial services industry for a minimum of five years.
3. Favorable regulatory and complaint history review.⁽⁴⁾
4. Fulfilled their firm review based on internal firm standards.
5. Accepting new clients.

Evaluation Criteria - Considered⁽³⁾

6. One-year client retention rate (the average one-year client retention rate of this year's award winners is more than 93 percent).
7. Five-year client retention rate.
8. Non-institutional discretionary and/or non-discretionary client assets administered (this year's award winners administer an average of \$128 million in client assets).
9. Number of client households served (on average, this year's award winners serve 195 households).
10. Education and professional designations.

Research DISCLOSURES

- Wealth managers do not pay a fee to be considered or placed on the final list of Five Star Wealth Managers.
- The Five Star award is not indicative of the wealth manager's future performance.
- Wealth managers may or may not use discretion in their practice and therefore may not manage their clients' assets.
- The inclusion of a wealth manager on the Five Star Wealth Manager list should not be construed as an endorsement of the wealth manager by Five Star Professional or *Los Angeles* magazine.
- Working with a Five Star Wealth Manager or any wealth manager is no guarantee as to future investment success, nor is there any guarantee that the selected wealth managers will be awarded this accomplishment by Five Star Professional in the future.
- Five Star Professional is not an advisory firm, and the content of this article should not be considered financial advice. For more information on the Five Star award and the research/selection methodology, go to www.fivestarpromotional.com.
- ⁽¹⁾ 1,019 award candidates in the Los Angeles area were considered for the Five Star Wealth Manager award. 176 (approximately 17 percent of the award candidates) were named 2012 Five Star Wealth Managers. The 176 award winners represent less than 1 percent of the total wealth managers in the area.

⁽²⁾ Wealth managers were required to certify that any information they provided was accurate.

⁽³⁾ Criteria 4, 8 and 9 do not apply to attorneys or CPAs.

⁽⁴⁾ As defined by Five Star Professional, the wealth manager has not:

- Been subject to a regulatory action that resulted in a license being suspended or revoked, or payment of a fine.
- Had more than a total of three customer complaints filed against them (settled or pending) with any regulatory authority or Five Star Professional's consumer complaint process.
- Individually contributed to a financial settlement of a customer complaint filed with a regulatory authority.
- Filed for personal bankruptcy.
- Been convicted of a felony.

Five Star Professional conducts a regulatory review of each nominated wealth manager using the Investment Adviser Public Disclosure (IAPD) website. Five Star Professional also uses multiple supporting processes to help ensure that a favorable regulatory and complaint history exists. Data submitted through these processes was applied per the above criteria:

- Each wealth manager who passes the Five Star Professional regulatory review must attest that they meet the definition of favorable regulatory history, based upon the criteria listed above.
- Five Star Professional promotes via local advertising the opportunity for consumers to confidentially submit complaints regarding a wealth manager.
- Five Star Professional contacted approximately 1 in 12 households identified as having a high propensity to use the services of wealth managers in order to provide consumers the opportunity to submit complaints regarding a wealth manager. More than 50,500 households in the Los Angeles area were contacted.

The Five Star Wealth Manager selection criteria was updated for the 2012 award year. 2005 - 2011 Five Star Wealth Managers scored highest in overall satisfaction based on feedback from clients, peers and industry experts. No more than 7 percent of wealth managers receive the award each year. The selection process for the 2005 - 2011 award winners can be found at www.fivestarpromotional.com/2011/wealth_managers_research_overview.php.



The Five Star award goes to less than 7 percent of wealth managers.

Insights from Five Star Wealth Managers

“Wishful thinking is not planning. If you plan for the worst, you will never be unpleasantly surprised.”

“Clients don't care how much you know until they know how much you care.”

“Only invest in something that you understand.”

“What matters most is how you recover from setbacks.”