

**Item 1 – Cover Page**

# GATES PASS ADVISORS, LLC

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February 25, 2020

This Brochure provides information about the qualifications and business practices of Gates Pass Advisors, LLC. If you have any questions about the contents of this Brochure, you may contact us at (650) 797-0280 or [esther@gatespassadvisors.com](mailto:esther@gatespassadvisors.com) to obtain answers and additional information. Gates Pass Advisors, LLC is a registered investment adviser with the State of California. Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Gates Pass Advisors, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Gates Pass Advisors, LLC is 269983.

## **Item 2 – Material Changes**

The date of our previous annual amendment to our Brochure was March 22, 2019. Since that date, there have been no material changes to this Brochure.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. A Summary of Material Changes is also included with our Brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Gates Pass Advisors, LLC is 269983. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting K. Esther Szabo, Compliance Officer of Gates Pass Advisors, LLC at (650) 797-0280 or [esther@gatespassadvisors.com](mailto:esther@gatespassadvisors.com). Our Brochure is provided free of charge.

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#### Item 4 – Advisory Business

- A** Gates Pass Advisors, LLC (“Gates Pass” “we” or “us”) is a California limited liability company and a registered investment advisory firm located in Los Altos, California that is registered with the State of California. We provide financial planning and investment management services. The firm has been in business since 2015 and the principal owner is K. Esther Szabo.
- B** Gates Pass offers a wide range of Wealth Management services to its Clients. Advice and services are tailored to the stated objectives of the Client(s). Generally speaking, Gates Pass provides its advisory services on a fully discretionary basis. What this means is that Client, by way of an executed Wealth Management Agreement, allows Gates Pass to provide ongoing, continuous and full discretionary authority to execute investment recommendations in accordance with a Statement of Investment Policy (or similar document used to establish Client’s objectives and suitability), without obtaining the Client’s prior approval. Under this discretionary authority, Clients allow Gates Pass to purchase and sell securities and instruments in their account, arrange for delivery and payment in connection with the foregoing, and act on behalf of the Client, including those matters necessary or incidental to the handling of the account, including monitoring certain assets. Clients execute instructions regarding Gates Pass trading authority as required by each custodian holding the Client’s assets.
- In some limited circumstances, a Client may grant Gates Pass non-discretionary authority to execute its investment recommendations in accordance with a Statement of Investment Policy (or similar document used to establish Client’s objectives and suitability). Non-discretionary authority requires Gates Pass to obtain Client’s prior approval of each specific transaction prior to executing investment recommendations.
- Unless specifically directed otherwise in writing by a Client, Gates Pass is not authorized to receive and vote proxies on issues held in the account or receive annual reports.
- With regard to the financial planning services that Gates Pass provides to its clients, a conflict exists between the interests of Gates Pass and the interests of the client. The client is under no obligation to act upon Gates Pass’ recommendations. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Gates Pass.
- C** Upon engagement Gates Pass will analyze a Client’s financial goals and objectives and design an investment portfolio for that specific Client. We will determine specific investments suitable and appropriate to that specific Client and will manage their account by evaluating and purchasing mutual funds, exchange-listed securities, over-the-counter securities, and various other marketable securities
- D** Gates Pass does not participate in or sponsor any wrap fee programs.

- E** We manage approximately \$105,601,316 of Client assets on a discretionary basis and \$44,169 of Client assets on a non-discretionary basis. This amount was calculated as of December 31, 2019.

### **Item 5 – Fees and Compensation**

- A** Compensation to Gates Pass for its services is calculated in accordance with “Schedule A” of the Wealth Management Agreement, which may be amended from time to time by Gates Pass upon 30 days prior written notice to Client. Such fees may be paid directly to Gates Pass from the account by the custodian holding the Client’s assets upon submission of an invoice to custodian showing the amount of fees. The payment of fees may result in the liquidation of Client’s securities if there is insufficient cash in the account. Copies of the fee invoices will be mailed to Client as required.

In consideration for the Gates Pass services, the Client will pay Gates Pass a fee quarterly in advance pursuant to one of the options selected below. In certain instances, the agreement may be structured so that the fees are paid for an initial period, e.g. 2-3 months, then on a monthly basis. Payments are due within 10 days. The fee will be equal to an agreed upon rate, as discussed below.

For calculation of our asset under management fees, those fees shall be calculated quarterly, based on the market value of the account at the beginning of each quarter. The market value will be construed to equal the sum of the values of all assets in the account. Fees for partial quarters at the commencement or termination of this Agreement will be prorated based on the number of days that Ongoing Wealth Management Services were provided during the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on the above pro rata basis.

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded (or, if there shall be no sales on such date, then at the mean between the closing bid and asked prices on such date). Other readily marketable securities shall be priced using a pricing service or through quotations from one or more dealers. All other assets shall be valued at fair value by the Advisor whose determination shall be conclusive.

#### **WEALTH MANAGEMENT FEE OPTIONS**

Gates Pass provides services in one of three manners:

Annual Fixed Fee – Initial and ongoing financial planning, consulting and investment management services. The dollar amount of the fixed fee shall vary depending upon various subjective and objective factors, including anticipated/historical scope and level of financial planning and consulting services required, and dollar amount of assets under management. The annual fixed fee is adjusted annually by a percentage equal to the

greater of (1) the increase in the CPI-U over the previous 12 months, or (2) +2%. The CPI-U is a measure that examines the changes in the price of a basket of goods and services purchased by urban consumers as measured by the Bureau of Labor Statistics.

Annual Fixed Fee Plus a Percentage (%) of Assets Under Management – For ongoing financial planning, consulting, and investment management services Clients will be charged a fee comprised of the following two components: (1) a fixed fee, and (2) a fee based on a percentage of the Client's AUM. The fixed fee will vary based on the historical and/or anticipated scope and level of financial planning and consulting services previously and/or to be provided. In subsequent years, the Client's fixed fee will be adjusted annually by a percentage equal to the greater of (1) the increase in the CPI-U over the previous 12 months, or (2) +2%. The percentage AUM fee will not exceed the amounts listed in the Percentage of Assets Under Management listed below. The total fee charged to a Client under this Annual Fixed Fee Plus a Percentage of Assets Under Management program will not exceed 3% of the Client's AUM.

Percentage (%) of Assets Under Management – The percentage (%) fee shall depend upon the dollar amount of assets under management, ranging between .25% and 1.00%.

The total combined fee for all service charged to a client will not exceed 3%. Notwithstanding the above, fees are generally negotiable. Lower fees for comparable services may be available from other sources. If a financial planning agreement is terminated, any unearned deposit for financial planning services will be returned to the client.

## **FINANCIAL PLANNING**

Gates Pass also provides financial planning services for its Clients. Fees for initial financial planning services are generally set at a fixed fee of not less than \$5,000. Fees for updates to Financial Plans are generally set at a fixed fee of not less than \$2,000. Services performed on a fixed fee basis require a retainer equal to one-half the fixed fee, payable upon execution of the agreement. The remaining balance will be billed and due upon completion of the project. All invoices are due in 10 days. Financial planning services can also be set at a fixed fee for an initial period, such as the first 2-3 months, then monthly after that for a period of months. The estimated time frame to completion is reviewed with the client in advance of proceeding with the plan. Notwithstanding the above, financial planning fees are generally negotiable.

### Financial Plans:

Gates Pass prepares a financial plan which includes gathering information necessary to provide Client with appropriate and agreed upon services, which may include one or more of the following, typically related to life transitions: budgeting and cash flow planning, goal funding, income tax planning, education planning, disability planning and income protection, debt management, estate planning, retirement planning and investment planning. The plan considers Client assets, liabilities, goals and objectives.

The fee may also include that time and those activities necessary to work with Client's attorney, accountant or other professionals in reaching agreement on solutions. Any attorney, accounting or related professional fees charged by these third-party professionals used to implement Client's plan shall be the sole responsibility of the Client.

### IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a potential conflict of interest because we have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of a rollover.

Note that an employee will typically have four options in this situation:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will discuss with you the advantages and disadvantages of both types of accounts prior to proceeding.

- B** All brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the Client account and are in addition to the investment management fees paid to Advisor, which are also deducted from the Client's account. The Client bears responsibility for verifying the accuracy of fee calculations.
- C** Client may be required to pay, in addition to the Advisor's fee, a proportionate share of any mutual fund's fees, fees for separate account/third-party money managers and limited partnership fees.

- D** Gates Pass deducts its fees quarterly in advance. Fees for partial quarters at the commencement or termination of this Agreement will be prorated based on the number of days that Ongoing Wealth Management Services were provided during the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on the above pro rata basis. Additionally, because Gates Pass performs a substantial and disproportionate amount of account services during the first quarter of an engagement, at Gates Pass sole discretion, if a Client is terminated subsequent to the first thirty (30) days of the engagement, but prior to the second quarter of service, Gates Pass reserves the right to retain the entire advanced fee billed for that quarter.
- E** Gates Pass is compensated only by our Clients and we do not receive compensation or commissions from any other parties.

### **Item 6 – Performance-Based Fees**

Gates Pass neither accepts nor charges any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client).

### **Item 7 – Types of Clients**

Gates Pass services to individuals and high net-worth individuals. New accounts accepted by Gates Pass will be subject to a minimum liquid net worth requirement of \$2,000,000 and Ongoing Wealth Management fees are subject to a minimum quarterly fee of \$2,500. Both the minimum net worth and the minimum quarterly fee requirements are waivable in Gates Pass' sole discretion.

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

- A** Our firm's investment philosophy and strategies incorporates the following principles:
- Financial planning is key to creating and maintaining the appropriate investment strategy
  - Asset allocation and diversification protect portfolios
  - Minimizing taxes is a critical component of portfolio planning and management
  - Compensation is derived from our Clients and not from investments recommended
  - The personal side of money is critical to making good technical decisions with regards to one's assets and personal financial plan

**Select Specific Managers** - We identify managers for asset classes and portfolio objectives. This process incorporates both passive and active styles of investing. Our analysis considers investment philosophy, strategy transparency, consistency, expertise,

research capabilities, track record and overall expenses. Ongoing, we monitor and evaluate the managers using these criteria and in light of the economic environment. The main sources of information that Gates Pass relies upon when researching and analyzing third-party asset managers and mutual fund managers include traditional research materials such as financial periodicals and journals, prospectuses and research materials prepared by others.

- B** Any investment in securities involves risk or loss that Clients should be prepared to bear. While Gates Pass uses its best judgment and good faith efforts in rendering services to our Clients, not every investment decision or recommendation made will be profitable. Accordingly, Gates Pass does not warrant or guarantee any particular level of account performance, or that an Account will be profitable over time.

Clients assume all market risk involved in the investment of account assets under the Wealth Management Agreement and are made to understand that investment decisions made for their account are subject to various market, currency, economic, political and business risks. Therefore, except as may otherwise be provided by law, Gates Pass will not be liable to Client for (a) any loss that a Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by Gates Pass and its representatives with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from Gates Pass adherence to a Client's instructions; or (c) any act or failure to act by a custodian of Client's account. That being said, nothing shall relieve Gates Pass or its representatives from any responsibility or liability under state or federal statutes.

- C** While all investing inherently involves a risk of loss, our investment management services generally incorporate a broad and diversified use of equities, mutual funds, and third-party asset managers and does not involve significant or unusual risks.

### **Item 9 – Disciplinary Information**

Gates Pass is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. K. Esther Szabo does not have any legal, regulatory or disciplinary events of any kind whatsoever to disclose.

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

Neither Gates Pass nor K. Esther Szabo participate in any material activities or have any other financial industry affiliations that are disclosable in this section.

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

- A** Gates Pass has adopted a Code of Ethics for all supervised persons of the firm which describes our high standard of business conduct, and fiduciary duty to Clients. The Code

of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, and personal securities trading procedures, among other things. Advisor representatives at Gates Pass acknowledge the terms of the Code of Ethics.

We invite Clients or prospective Clients who have questions about our Ethics and compliance procedures and policies to contact us at (650) 797-0280 or [esther@gatespassadvisors.com](mailto:esther@gatespassadvisors.com).

**B-D** Neither Gates Pass nor its related persons recommend to clients, or buy or sell for client accounts, securities in which Gates Pass or a related person has a material financial interest. Gates Pass anticipates that, in appropriate circumstances and consistent with our Clients' investment objectives, we may buy and sell some of the same securities for our Clients that we buy and sell for our own account. This activity creates a potential conflict of interest.

To address this potential conflict of interest, in all instances, where appropriate Gates Pass will purchase a security for all of its existing advisory accounts for which the investment is appropriate before purchasing any of the securities for our own account and, likewise, when it determines that securities should be sold, where appropriate we will cause these securities to be sold from all of our advisory accounts prior to permitting the selling of the securities from our own accounts. In some cases, we may buy or sell securities for our own account for reasons not related to the strategies adopted by our Clients.

Gates Pass will also disclose to Clients any material conflict of interest relating to our firm, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

## Item 12 – Brokerage Practices

**A** Except to the extent that a Client directs otherwise Gates Pass utilizes its discretion in selecting or recommending the broker-dealer. The Client is not obligated to effect transactions through any broker-dealer recommended by Advisor. In recommending broker-dealers, Gates Pass will generally seek "best execution." In recommending a broker-dealer we will comply with our fiduciary duty to obtain best execution and with the applicable securities laws and will take into account such relevant factors as:

- ❖ Price;
- ❖ The broker-dealer's facilities, reliability and financial responsibility;
- ❖ The ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- ❖ The research and related brokerage services provided by such broker or dealer to the Advisor, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- ❖ Any other factors we consider to be relevant.

SEI Investments Distribution Co. (“SEI”), one the custodians that the firm uses and a “qualified custodian” as that term is defined by the SEC, provides Gates Pass services which may include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. SEI also makes available to Gates Pass other products and services that benefit us but may not directly benefit Client accounts. Some of these other products and services assist us in managing and administering Clients’ accounts. These include software and other technology that provide access to Client account data, provide research, facilitate payment of our fees from Client accounts and assist with back-office support, recordkeeping and Client reporting. Many of these services generally may be used to service all or a substantial number of Gates Pass’ accounts.

SEI may also provide Gates Pass with other services intended to help us manage and further develop their respective business enterprises. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, SEI may make available, arrange, and/or discount these types of services to Gates Pass by independent third-parties. SEI may discount or waive fees that it would otherwise charge for some of these services, or pay all or a part of the fees charged by a third-party for providing these services to us. The availability of the foregoing products and services may be contingent on Gates Pass committing to SEI any specific amount of business (assets in custody or trading).

Gates Pass is required to periodically evaluate, and has determined in good faith, based on the “best execution” policy stated above that transaction fees are reasonable in relation to the value of the services provided.

Charles Schwab Institutional, one of the custodians that the firm uses and a “qualified custodian” as that term is defined by the SEC, may provide Gates Pass with certain brokerage and research products and services. These research products and/or services will assist Gates Pass in its investment decision making process. Such research generally will be used to service all of Gates Pass’ clients, but brokerage charges paid by the client may be used to pay for research that is not used in managing the client’s account. The account may pay to a Broker-Dealer a charge greater than another qualified Broker-Dealer might charge to affect the same transaction where Gates Pass determines in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

There may other benefits from recommending Charles Schwab Institutional such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Other services may include, but are not limited to, performance reporting, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business related services and technology with whom Gates Pass may contract directly.

While Gates Pass does not pay a fee for these products/services, all Client accounts may not be the direct or exclusive beneficiary of such products/services. Based upon the receipt of such services and information, we may have an incentive to select a broker-dealer based upon our desire to receive these services rather than receiving best execution for you. We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Broker-Dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

- B** We are authorized in our discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and other transactions in the same or similar securities or instruments for other Clients. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price so obtained. Confirmations of any transactions effected for Client account will be sent to Client's in conformity with applicable law.

### **Item 13 – Review of Accounts**

- A** All Client account reviews are conducted by K. Esther Szabo. The frequency of reviews of Client accounts is generally based on the Client's investment objectives, but will occur not less than annually, and typically occur quarterly.
- B** More frequent account reviews may be triggered by Client request, change in Client's investment guidelines; tax considerations; large deposits or withdrawals; large security sales or purchases; loss of confidence in corporate management objectives and changes in the macro-economic climate.
- C** Wealth Management Clients also receive account statements from the custodian of their accounts on a quarterly or more often basis.

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

With the exception of items described in this Item 14, Gates Pass has no arrangements, either written or oral, in which it compensates for referrals or other compensation.

Disclosed under Item 12, above, Gates Pass may receive “soft dollars” from an unrelated third-party custodian or broker-dealer. The conflicts of interest this type of arrangement presents and how we deal with these conflicts are described in detail under Item 12, above.

### **Item 15 – Custody**

Other than having the ability to debit its fees from a Client’s custodial account, Gates Pass does not have custody of the assets in the account and shall have no liability to the Client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. The Client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer.

The firm obtains from client written authorization permitting the firm to be paid directly from the client’s custodian accounts. You should carefully review your quarterly account statements that are provided to you directly from the custodian. You should compare this statement to the quarterly invoices that are provided to you by Gates Pass.

### **Item 16 – Investment Discretion**

As stated in Item 4 above, Gates Pass generally manages Client accounts and assets on a fully discretionary basis. This means that Gates Pass has the authority to determine, without obtaining specific Client consent, the securities bought or sold and the amount of securities bought or sold and commission rates paid. The only restrictions on the above discretionary authority are those set by the Client on a case-by-case basis.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Gates Pass does not have any authority to and does not vote proxies on behalf of advisory Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in Client portfolios. Gates Pass may provide advice to Clients regarding the Clients’ voting of proxies.

### **Item 18 – Financial Information**

- A** Gates Pass does not require advance payments greater than \$500, more than six months in advance from any Client.
- B** Gates Pass does have discretionary authority over Client funds or securities, but we have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to Clients.
- C** Neither Gates Pass, nor any of the principals, have been the subject of a bankruptcy petition at any time in the past.

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

- A** K. Esther Szabo is the Managing Member and the Compliance Officer of Gates Pass Advisors, LLC. She provides investment advisory services to clients and is responsible for the day to day management and operations of the firm. Ms. Szabo’s education and background are separately detailed in his Form ADV Part 2B, Item 2.
- B** Gates Pass is a fee-only registered investment advisor. We are not actively engaged in any other business activities outside of providing investment advisory and financial planning services.
- C** We do not receive performance-based fees.
- D** We have not been subject to any arbitration claims or any other proceedings (civil, self-regulatory organization or administrative).
- E** Apart from those arrangements listed in Item 10 above, we have no arrangements or other financial industry affiliations to disclose which would be considered material to our business or to our Clients or which would present any material conflicts of interests with Clients.

K. ESTHER SZABO, CFP<sup>®</sup>, CEFT<sup>®</sup>

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February 25, 2020

This Brochure Supplement provides information about K. Esther Szabo that supplements the Gates Pass Advisors, LLC Firm Brochure (Form ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (650) 797-0280 or [esther@gatespassadvisors.com](mailto:esther@gatespassadvisors.com) if you did not receive copy of Gates Pass Advisors, LLC's Form ADV Part 2A or if you have any questions about the contents of this Brochure Supplement.

K. Esther Szabo has achieved the designations of Certified Financial Planner (CFP<sup>®</sup>) and Certified Financial Transitionist (CeFT<sup>®</sup>). These designations are explained more fully under Item 2.

Additional information about K. Esther Szabo is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for K. Esther Szabo is 2354565.

**K. ESTHER SZABO**  
Year of Birth: 1965

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

### **EDUCATION**

Bachelors of Science in Family and Consumer Resources (Summa Cum Laude), University of Arizona (Tucson, AZ), 1992

K. Esther Szabo attended the College of Financial Planning, receiving her CFP® designation in 1996.

### **BUSINESS BACKGROUND**

7/2015 to Present Investment Advisor and Principal, Gates Pass Advisors, LLC  
(Los Altos, CA)

3/2006 to 9/2015: Investment Advisor and Principal, KK Wealth Advisors, LLC  
(Los Altos, CA)

7/2003 to 4/2006: Senior Consultant, SCS Resources Inc. d/b/a Allied Consulting Group  
(Los Angeles, CA)

4/1999 to 6/2003: Member, Goldsmith & Szabo, LLC (Los Altos, CA)

**CERTIFIED FINANCIAL PLANNER™, CFP®** and federally registered CFP (with a flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (CFP Board).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with Clients.

While there may be a variance in credential requirements from 1996 when Ms. Szabo was originally awarded the CFP® certification, currently to attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined are necessary for the competent and professional delivery of financial planning services, and attain a bachelor’s degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and Client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by the CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their Clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to the CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**Certified Financial Transitionist, CeFT®** is a professional certification mark granted in the United States by the Financial Transitionist Institute.

The CeFT® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold the CeFT® certification.

While there may be a variance in credential requirements from 2018 when Ms. Szabo was originally awarded the CeFT® certification, currently to attain the right to use the CeFT® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Twelve months of core training;
- Examination – Pass the comprehensive CeFT® Certification Examination. The examination consists of essays, role playing, oral exam, and an online proctored final exam; and
- Experience – Applicants must have five years of direct client service experience consisting of face-to-face interaction, along with either a CFP®, CFA®, or CIMA® designation.

Individuals who become certified must complete 15 hours of continuing education hours every year to maintain the right to continue to use the CeFT® mark.

**Item 3 – Disciplinary Information**

K. Esther Szabo has never been subject to any legal or disciplinary proceedings which would be considered material (or otherwise) to a Client’s evaluation of her or any of the services Gates Pass Advisors, LLC provides.

**Item 4 – Other Business Activities**

Ms. Szabo is not involved in any other investment related business activity or occupation other than through Gates Pass Advisors, LLC.

**Item 5 – Additional Compensation**

K. Esther Szabo does not receive additional compensation or economic benefit from third parties for providing advisory services to clients of Gates Pass Advisors, LLC.

**Item 6 – Supervision**

K. Esther Szabo is responsible for the services and advice provided to clients of Gates Pass Advisors, LLC. She is responsible for investment policies, forms and procedures for firm clients. Ms. Szabo supervises the day to day operations and is responsible for the management of the firm. Ms. Szabo serves as Chief Compliance Officer of the firm.

**Item 7 – Requirements for State-Registered Advisors**

K. Esther Szabo has never been subject to an award or otherwise been found liable in an arbitration claim alleging damages in excess of \$2,500, or in a civil, self-regulatory organization or administrative proceeding in any of the following: (a) an investment or an investment-related business or activity ; (b) fraud, false statement(s), or omissions; (c) theft, embezzlement, or other wrongful taking of property; (d) bribery, forgery, counterfeiting, or extortion; or (e) dishonest, unfair, or unethical practices. Ms. Szabo has never been the subject of a bankruptcy petition.

ERIK A. SCHEI, CFA<sup>®</sup>

GATES PASS ADVISORS, LLC

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Los Altos, CA 94022

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February 25, 2020

This Brochure Supplement provides information about Erik Schei that supplements the Gates Pass Advisors, LLC Firm Brochure (Form ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (650) 797-0280 or [esther@gatespassadvisors.com](mailto:esther@gatespassadvisors.com) if you did not receive copy of Gates Pass Advisors, LLC's Form ADV Part 2A or if you have any questions about the contents of this Brochure Supplement.

Erik Schei has achieved the designation of Chartered Financial Analyst (CFA<sup>®</sup>). This designation is explained more fully under Item 2.

Additional information about Erik Schei is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Erik Schei is 4886564.



There are currently more than 90,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

#### High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

#### Global Recognition

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

#### Comprehensive and Current Knowledge

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession. To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

### **Item 3 – Disciplinary Information**

Erik Schei has never been subject to any legal or disciplinary proceedings which would be considered material (or otherwise) to a Client's evaluation of her or any of the services Gates Pass Advisors, LLC provides.

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

Mr. Schei is not involved in any other investment related business activity or occupation other

than through Gates Pass Advisors, LLC.

**Item 5 – Additional Compensation**

Mr. Schei does not receive additional compensation or economic benefit from third parties for providing advisory services to clients of Gates Pass Advisors, LLC.

**Item 6 – Supervision**

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**Item 7 – Requirements for State-Registered Advisors**

Erik Schei has never been subject to an award or otherwise been found liable in an arbitration claim alleging damages in excess of \$2,500, or in a civil, self-regulatory organization or administrative proceeding in any of the following: (a) an investment or an investment-related business or activity ; (b) fraud, false statement(s), or omissions; (c) theft, embezzlement, or other wrongful taking of property; (d) bribery, forgery, counterfeiting, or extortion; or (e) dishonest, unfair, or unethical practices. Mr. Schei has never been the subject of a bankruptcy petition.

**Gates Pass Advisors, LLC**  
**Annual Notice of Privacy Practices**

Gates Pass Advisors, LLC, an investment advisory firm, is committed to safeguarding the confidential information of its clients. We do collect nonpublic personal information in order to open and administer your accounts with us and to provide you with accurate and pertinent advice. We hold all nonpublic personal information you provide to us in the strictest confidence. If we were to change our firm policy, we would be prohibited under law from doing so without advising you first.

We will get your permission first before we share your personal information with most nonaffiliated third parties. However, this does not apply to sharing information with nonaffiliated third parties in connection with maintaining or servicing your account, or administering transactions requested or authorized by you. You may direct us not to make disclosures (other than disclosures required by law) regarding nonpublic personal information to our financial marketing partners. You also have the right to opt out of having your information shared with affiliates of Gates Pass Advisors. If you wish to opt out of disclosures to third parties, please contact us at (650) 797-0280.

Gates Pass Advisors Collects personal information about you from the following sources:

- Applications or other forms.
- Discussions with nonaffiliated third parties.
- Information about your transactions with us or others.
- Questionnaires.
- Tax Returns.
- Estate Planning Documents.

Gates Pass Advisors uses your personal information in the following manner:

- We do not sell your personal information to anyone.
- We limit employee and agent access to information only to those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law. (For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or attorney.)
- We will provide notice of changes in our information sharing practices. If, at any time in the future, it is necessary to disclose any of your personal information in a way that is inconsistent with this policy, we will give you advance notice of the proposed change so you will have the opportunity to opt out of such disclosure.
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- For nonaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors, we also require strict confidentiality in our agreements with them and expect them to keep this information private.
- Federal and state regulators also may review firm records as permitted under law.
- We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about you will be maintained during the time you are a client, and for the required time thereafter that such records are required to be maintained by federal and state securities laws. After this required period of record retention, all such information may be destroyed.

## **Important Privacy Choices for Consumers**

**You have the right to control whether we share some of your personal information. Please read the following information carefully before you make your choices below.**

### **Your Rights**

You have rights regarding the sharing of your personal and financial information with the outside companies with which we conduct business. Please know that nothing in this notice prohibits or prevents the sharing of information necessary to provide service on your behalf or when required by law.

### **Your Choices**

**Restrict Information Sharing With Other Companies Necessary To Provide Financial Services:** Unless you say “No:” we may share personal and financial information about you with outside companies we contract with in order to provide financial and other services to you.

### **Time Sensitive Reply**

You may make your privacy choice(s) at any time in writing at the below address. Your choice(s) will remain unless you state otherwise. However, if we do not hear from you we may share some of your information with other companies with whom we have contracts to provide services.

K. Esther Szabo, CFP®, CEO  
Certified Financial Transitionist®  
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Los Altos, CA 94022