

FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL	
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Name of Investment Adviser: P38 Enterprises, Inc.				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
11413 Ridgedale Ct.	Denton	TX	76207	(940) 262-1106

This part of Form ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: P38 Enterprises, Inc.	SEC File Number: 801- 69971	Date: 01/21/2010
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Item of Form (identify)	Answer
Part II, Page 2, Item 1.D.	<p>P38 Enterprises, Inc. (hereinafter referred to as "Advisor") offers personalized investment advisory services to clients. Advisor's services and fee arrangements are described in the following pages.</p> <p>Advisor is a corporation formed under the laws of the State of Texas. This Schedule F narrative provides clients with information regarding Advisor and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of Advisor. The information in this Schedule F has not been approved or verified by the U.S. Securities and Exchange Commission (SEC).</p> <p>Additional information about Advisor is available through the SEC's website at www.adviserinfo.sec.gov. Clients can search this site by using Advisor's name or by an identification number known as a CRD number. The CRD number for Advisor is 135325.</p> <p><u>Advisory Services and Fees</u></p> <p><i>Financial Management Services</i></p> <p>Advisor provides financial management services defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, Advisor offers a customized and individualized investment plan for clients. The clients to whom Advisor provides financial management services are typically, but not necessarily limited to, individuals, trusts, charities and/or small businesses. A specific investment strategy is crafted to focus on the specific client's goals and objectives.</p> <p>Clients contracting for financial management services must establish an account through the Fidelity Institutional Wealth Services (FIWS) platform. Clearing, custody or other brokerage services for that platform may be provided by National Financial Services LLC (NFS), or Fidelity Brokerage Services LLC (FBS), Members NYSE, <u>SIPC</u>. Advisor is not affiliated with FIWS, NFS or FBS. However, Advisor participates in the FIWS platform as further described in Items 12.B. and 13.A. below.</p> <p>Upon execution of a financial management services client agreement, Advisor will be granted trading authorization on the client's account. Such authorization will be granted on either a discretionary or non-discretionary basis. Other than the ability to trade client accounts, at no time will Advisor have direct access to client funds and securities. NFS or FBS will maintain custody of all funds and securities.</p> <p>Advisor charges an initial setup fee of up to \$750. A lower fee may be charged to clients depending on the complexity of the initial setup. For example, clients with assets already custodied at NFS or FBS may be charged a lower setup fee. The initial fee covers Advisor's time to transition client accounts to its program and covers management services for the first calendar quarter that such services are provided. The initial fee is due in advance at the time of executing the financial management services agreement. Advisor does not pro-rate the initial setup fee based on the date the agreement is executed.</p> <p>Beginning with the second calendar quarter after the date the agreement is executed, Advisor charges a quarterly fee which is determined and listed in the agreement. The quarterly fee is based on Advisor's estimate of the number of hours needed to service the client's account each quarter. Estimates will vary from client to client depending on the</p>

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<p>Part II, Page 2, Item 1.D. (continued)</p>	<p>complexity of the client's situation, the number of accounts being managed, the types of investments held in account(s), and other factors as determined by Advisor. Fixed fees are based on an hourly rate of \$150 and are billed quarterly in arrears. Actual fees charged by Advisor may be adjusted downward in the event Advisor does not use the estimated number of hours. At no time will Advisor increase the quarterly fee without the client's prior written consent.</p> <p>Advisor provides clients with a quarterly fee invoice. At a minimum, the fee invoice will show the amount of fees due for the quarter and any adjustments to the fee originally estimated by Advisor. Payment is due upon client's receipt of the invoice from Advisor.</p> <p>Brokerage fees and/or transaction ticket fees charged by the custodian will be billed directly to the client. Advisor will not receive any portion of such fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses is available in each investment company security's prospectus.</p> <p>Either party may terminate the agreement for services at any time. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and a full refund of the initial setup fee will be provided. If services are terminated after the initial five day period, any fees due will be billed to client based on the actual number of hours completed by Advisor for the period. In the event a client terminates services, termination shall be effective from the time Advisor receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final payment of advisory fees. There will be no penalty charge upon termination. In the event Advisor terminates the relationship, the agreement will be terminated on the thirtieth (30) day after written notification is delivered to the client or such time as may be mutually agreed upon, also subject to the settlement of transactions in progress and the final payment of advisory fees.</p> <p><i>Financial Planning Services</i></p> <p>Upon execution of a client agreement, Advisor provides Financial Planning Services to individuals and families. These services may be general in nature or focused on particular areas of interest or need, depending upon each client's unique circumstances.</p> <p>Financial planning advice is rendered, but not necessarily limited, in the areas of cash flow and debt management, risk management, college funding, retirement planning, estate planning, tax planning, asset allocation and investment selection. Advisor employs fundamental, long-term financial planning and investment strategies.</p> <p>Advisor first conducts an initial interview and gathers data to assist the client in determining specific needs, goals, objectives and tolerance for risk. Advisor then prepares analyses of the current financial situation and possible future scenarios, when appropriate. Next, the Advisor presents the analysis and a written summary of the significant observations, assumptions and recommendations over each area that the Advisor was engaged to provide advice. Upon the completion of this presentation the engagement is concluded.</p>

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Part II, Page 2, Item 1.D. (continued)	<p>Clients may re-engage Advisor as needed. Periodic financial check-ups are recommended and it is the Client's responsibility to initiate this review.</p> <p>Financial planning services are provided for an hourly fee of \$150. The exact number of hours needed to complete a financial plan depends on the complexity of the case.</p> <p>Advisor may require a deposit for initial engagements in the amount of the lesser of \$500 or ½ of the lower end of the estimated fee range. The balance of fees due are payable immediately upon presentation of the plan or advice to client. Services to be provided and the anticipated fee range are detailed in the written service agreement which must be executed by the client and Advisor prior to beginning financial planning services.</p> <p>Either party may terminate an engagement upon written notice within five (5) days of signing the service agreement, at which time no fees would be due. Should client terminate the engagement after this date, Client is responsible and will be invoiced for any time incurred by Advisor in the preparation of their plan. Advisor will refund any unearned, prepaid fees within thirty days of written request from the Client.</p> <p>Fees paid to Advisor for financial planning services are completely separate from the fees and expenses charged by mutual fund companies and their portfolio managers. A complete explanation of these fees and expenses are provided in each mutual fund prospectus. Clients are encouraged to read the prospectus before investing. Client may also incur transaction costs or administration fees from broker/dealers, trust companies or other service providers. Clients are encouraged to obtain a complete schedule of these fees from the service provider prior to entering into any engagement. Advisor does not receive any portion of these other fees. The only compensation received by Advisor is the hourly fees paid directly by Client.</p>
Part II, Page 4, Item 4.A(5), B(8), & C(7)	<p><u>Method of Analysis and Investment Strategies</u></p> <p>When providing financial management and financial planning services, the client's current financial situation, needs, goals, objectives and tolerance for risk are first evaluated. Asset allocation and investment policy decisions are then made to, in Advisor's best judgment, help client achieve its overall financial objectives while minimizing risk exposure. Asset allocation is a key component of investment portfolio design. Advisor believes that the appropriate allocation of assets across diverse investment categories (stock vs. bond, foreign vs. domestic, large cap vs. small cap, high quality vs. high yield, etc.) is the primary determinant of portfolio returns and critical in the long-term success of one's financial objectives.</p> <p>Advisor employs fundamental, long-term, buy-and-hold philosophies and approaches in their investment selection and implementation strategies. Recommendations provided are based on publicly available reports, analysis, research materials, computerized asset allocation models, and various subscription services.</p>
Part II, Page 4, Item 5	<p><u>Education and Business Standards</u></p> <p>P38 Enterprises, Inc. employees who render investment advice to Clients must have a college degree, relevant financial planning and / or investment advisory experience and be a CERTIFIED FINANCIAL PLANNER™ practitioner or CFP® practitioner in good standing with the Certified Financial Planners Board of Standards.</p>

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Part II, Page 4, Item 6	<p><u>Education and Business Background</u></p> <p>Name: Quinn N. Sowell, CFP®</p> <p>Year of Birth: 1946</p> <p>Education: CERTIFIED FINANCIAL PLANNER™ practitioner (1995) University of Texas at Arlington, Arlington, TX BBA Accounting 1973</p> <p>Experience: ProTax, Gun Barrel City, TX (most recent Owner, Tax Preparer 10 years) 01/80 – 12/03</p> <p>H. D. Vest Financial Services, Irving, TX Registered Representative 01/93 – 12/04</p> <p>P38 Enterprises, Inc., Denton, TX President, Tax Preparer 01/04 – present</p> <p>Mr. Sowell is separately licensed as an independent insurance agent for various insurance companies and agencies. In this separate capacity Mr. Sowell is able to implement recommended insurance transactions for advisory clients for compensation in addition to investment advisory fees charged by Advisor. Clients should be aware that Mr. Sowell will generally only recommend insurance products of those companies for whom he is a sales agent and is familiar with the benefits, exclusions and other terms.</p>
Part II, Page 4, Item 7.A. and 7.B.	<p><u>Other Business Activities</u></p> <p>Advisor prepares tax returns for clients. Clients that engage Advisor for its tax preparation services must execute a separate client agreement for such services. Advisor charges a fee for tax preparation service that is separate from the fee charged for financial planning and financial management services. Clients are not required to use Advisor for its tax preparation services and may use any other tax professional the client elects.</p>
Part II, Page 5, Item 9.E	<p><u>Participation or Interest in Client Transactions</u></p> <p>Advisor and its President may buy or sell securities that are also recommended to clients. In order to minimize this conflict of interest, securities recommended by Advisor are widely held and publicly traded. In addition, in accordance with its fiduciary duty to clients, Advisor and its President will place client interests ahead of their own interests.</p> <p>Section 204A-1 of the <i>Investment Advisers Act of 1940</i> requires all investment advisers to establish, maintain and enforce a Code of Ethics. Advisor has established a Code of Ethics that will apply to all of its associated persons. An investment adviser is considered a fiduciary according to the <i>Investment Advisers Act of 1940</i>. 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 client at all times. Advisor has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the advisor's Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. Advisor requires all of its supervised persons to conduct</p>

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	<p>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 when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with Advisor's Code of Ethics. Advisor has the responsibility to make sure that the interests of all clients are placed ahead of Advisor's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. Advisor and its 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 Advisor's Code of Ethics. However, if a client or a potential client wishes to review Advisor's Code of Ethics in its entirety, a copy will be provided promptly upon request.</p>
<p>Part II, Page 6, Item 11.A.</p>	<p><u>Account Reviews</u></p> <p>Account reviews are provided in connection with financial management accounts. For clients participating in these programs, Advisor's President will contact clients at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, client request, or changes within the market. Accounts are usually reviewed as frequently as monthly, but no less than quarterly. Advisor is responsible for rebalancing, reallocation and ongoing trading services for financial management accounts.</p> <p>Advisor's financial planning services terminate upon the delivery of the plan or advice to client. No on-going or automatic reviews are provided by Advisor. Periodic financial check-ups and portfolio reviews are recommended, and it is the client's responsibility to initiate these reviews. Clients must execute a new client agreement for additional reviews and updates.</p> <p>All services and recommendations are provided by Quinn N. Sowell President and Principal of Advisor.</p>
<p>Part II, Page 5, Item 11.B</p>	<p>Portfolio "Snapshot" reports are provided when Advisor is engaged to provide asset allocation reviews or financial management services. The firm does not provide on-going performance reporting.</p> <p>Clients will receive account statements directly from mutual fund companies and/or brokerage companies in which they hold investments. These statements are typically provided on a monthly or quarterly basis and as transactions occur.</p>
<p>Part II, Page 6, Item 12.A.(1) & (2)</p>	<p><u>Investment Discretion</u></p> <p>Advisor provides financial management services on either a discretionary or non-discretionary basis. The type of authority will be granted by the client in the client agreement. When discretionary authority is granted, it is limited in that Advisor will only be given discretionary trading authorization. This authority will allow Advisor to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction. When non-discretionary authority is granted, Advisor must contact the client for approval prior to making any buy or sell transactions in the client's account.</p>

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<p>Proxy Voting</p> <p>Part II, Page 6, Item 12.B</p>	<p>Advisor does not vote proxies on behalf of its clients. It is the responsibility of the client to vote all proxies for securities held in managed accounts.</p> <p><u>Brokerage Recommendations</u></p> <p>Clients are under no obligation to act on the financial planning recommendations of Advisor. If Advisor assists in the implementation of any recommendations, Advisor is responsible to ensure that the client receives the best execution possible.</p> <p>Clients wishing to implement the advice of Advisor's associated person are free to select any broker/dealer or investment advisor they wish and are so informed. For clients that wish to have Advisor implement its advice, clients must establish an account with FIWS. The primary factor in requiring FIWS is that the services of FIWS are provided in a cost-effective manner. Best execution of client transactions is an obligation Advisor takes seriously and is a catalyst in the decision of suggesting a broker/dealer. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer suggested by Advisor must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer. Advisor does not have any soft dollar arrangements with any third party.</p> <p>Transactions implemented by Advisor for client accounts are generally effected independently, unless Advisor decides to purchase or sell the same fixed income securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by Advisor when Advisor believes such action may prove advantageous to clients. When Advisor aggregates client orders, the allocation of fixed income securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, fixed income transactions will be averaged as to price and will be allocated among Advisor's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Advisor determines to aggregate client orders for the purchase or sale of fixed income securities, Advisor will not receive any additional compensation or remuneration as a result and will aggregate trades in accordance with the parameters set forth in the SEC No-Action Letter, <i>SMC Capital, Inc.</i> It should be noted, Advisor does not include accounts of Advisor's associated persons in aggregated orders.</p>
<p>Part II, Page 6, Item 13.A</p>	<p><u>Additional Compensation</u></p> <p>Advisor utilizes the services of FIWS. While there is no direct linkage between the investment advice given to clients and Advisor's participation in the FIWS program, economic benefits are received by Advisor which would not be received if Advisor did not give investment advice to clients.</p> <p>These benefits include: a dedicated trade desk that services FIWS participants exclusively, a dedicated service group and an account services manager dedicated to Advisor's accounts, access to a real-time order matching system, ability to "block" clients' trades, electronic download of trades, balances and position information, access, for a fee, to an</p>

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	<p>electronic interface with FIWS' software, duplicate and batched client statements, confirmations and year-end summaries, a quarterly newsletter, access to Fidelity mutual funds, access to AdvisorChannel.com (internet access to statements, confirmation and transfer of asset status), access to Account View (through which clients may access their account information over the internet via Advisor's web site), access to over 350 mutual fund families and 4500 mutual funds not affiliated with Fidelity, of which over 2,000 have no transaction fees, and the ability to have loads waived for Advisor's clients who invest in certain Fidelity loaded funds when certain conditions are met and maintained. The benefits received through participation in the FIWS program do not depend upon the amount of transactions directed to or amount of assets managed through NFS or FBS.</p> <p>Advisor's President may receive commissions and other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of this compensation creates a potential conflict of interest between Advisor's President and clients when recommending products to clients.</p>

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1. **A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. **Estimates** (See instruction below.)

Applicant:

<input checked="" type="checkbox"/>	(1) Provides investment supervisory services	<u>58%</u>
<input type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services	<u> %</u>
<input checked="" type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above	<u>1%</u>
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription	<u> %</u>
<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above	<u> %</u>
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	<u> %</u>
<input checked="" type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities	<u>41%</u>
<input type="checkbox"/>	(8) Provides a timing service	<u> %</u>
<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above	<u> %</u>

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

- C. Applicant offers investment advisory services for: (check all that apply)
- | | |
|--|--|
| <input type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

- D. For each checked box in A above, describe on Schedule F:
- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
 - applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
 - when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)
- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input type="checkbox"/> D. Pension and profit sharing plans | |

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3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities
(1) exchange-listed securities
<input checked="" type="checkbox"/> (2) securities traded over-the-counter
<input checked="" type="checkbox"/> (3) foreign issues | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> B. Warrants | I. Options contracts on:
<input checked="" type="checkbox"/> (1) securities
<input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> C. Corporate debt securities
(other than commercial paper) | J. Futures contracts on:
<input type="checkbox"/> (1) tangibles
<input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | K. Interests in partnerships investing in:
<input checked="" type="checkbox"/> (1) real estate
<input checked="" type="checkbox"/> (2) oil and gas interests
<input type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> F. Municipal securities | |
| G. Investment company securities:
<input checked="" type="checkbox"/> (1) variable life insurance
<input checked="" type="checkbox"/> (2) variable annuities
<input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|---|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- | | |
|-----------------|--|
| • name | • formal education after high school |
| • year of birth | • business background for the preceding five years |

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

<input type="checkbox"/> (1) broker-dealer	<input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..... Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

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9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.) Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Please refer to Schedule F.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Please refer to Schedule F.

Applicant: P38 Enterprises, Inc.	SEC File Number: 801-69971	Date: 01/21/2010
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12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | |
|--|---|--|
| (1) securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (4) commission rates paid? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? Yes No
- B. directly or indirectly compensates any person for client referrals? Yes No

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities unless applicant is registered or registering only with the Securities and Exchange Commission; or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? Yes No