

# Form ADV Part 2A Brochure

OPTIMUM Wealth Management, LLC

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March 28, 2012

This Brochure provides information about the qualifications and business practices of OPTIMUM Wealth Management, LLC (OPTIMUM). If you have any questions about the contents of this Brochure, please contact us at 314-569-0700. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

OPTIMUM is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain an Adviser.

Additional information about OPTIMUM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure, dated March 28, 2012, represents OPTIMUM Wealth Management, LLC's annual updating amendment to its previously published annual update Brochure.

Since the filing of the firm's last annual update Brochure on March 30, 2011, subsequently amended on May 25, 2012, we have made various minor updates but no material changes were made to our Brochure.

Pursuant to SEC Rules, we will deliver to you a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting us at (314) 569-0700.

Additional information about OPTIMUM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with OPTIMUM who are registered as investment adviser representatives of OPTIMUM.

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#### **Item 4 – Advisory Business**

OPTIMUM Wealth Management, LLC (CRD # 147688) (OPTIMUM) is registered as an investment adviser with the United States Securities and Exchange Commission. OPTIMUM Wealth Management originally operated under the name Green Family Wealth Management.

OPTIMUM is based in Missouri and is organized as a limited liability company under the laws of the State of Missouri. The firm has been in business since 2008 and currently has 4 employees.

OPTIMUM's principal office and place of business is located at 10431 Clayton Road, St. Louis, Missouri 63131. Regular business hours are from 8:00am to 5:00pm Monday through Friday. The firm can be contacted by phone at (314) 569-0700 and by fax at (314) 569-0702.

Stephen E. Green, CFP® founded the firm in 2008 and is the firm's owner. He currently serves as President, Chief Compliance Officer, and Chief Investment Officer.

OPTIMUM provides discretionary investment management, non discretionary investment management, and investment advisory services. We address a number of common financial needs and implement strategies designed to ensure your wealth grows over a lifetime. These strategies encompass wealth accumulation, preservation and transfer, income replacement, tax minimization, and gifting strategies.

OPTIMUM also provides financial planning and consulting services based on the individual needs of its clients. Services may include advice related to a client's financial and tax status, risk profile, investment return objectives among others. We may also provide general non-securities advice on topics that include tax and budgetary planning, estate planning and business planning. Financial planning clients are under no obligation to act upon any recommendations made or to effect any transactions through the OPTIMUM.

As of February 29, 2012, OPTIMUM managed approximately \$64,600,000 in assets on a discretionary basis.

## **Item 5 – Fees and Compensation**

### **Investment Management Services**

Clients are generally charged an ongoing fee according to the following schedule, which is calculated as a percentage of assets managed or advised, but fees may be negotiable under certain circumstances:

<u>Assets Advised/Managed</u>	<u>Annual Fee</u>
\$0 - \$2,000,000	1.50%
\$2,000,001 - \$5,000,000	1.25%
Over \$5,000,000	1.00%

Fees are generally billed quarterly in advance and deducted from the client's account, although clients may request direct billing rather than fee deduction. Fees are calculated by multiplying one fourth (1/4) of the annual fee by the total dollar amount of assets at the market close of the last business day of the preceding calendar quarter. The fee for the first period of service will be pro-rated for accounts which begin after the beginning of the quarter. If additional assets are deposited after the inception of a quarter, the fee charged with respect to such assets will also be pro-rated. Client may terminate a contract at any time subject to the contract's terms. When a relationship is terminated, a client will be entitled to a pro-rated refund of any pre-paid fees based upon the number of days remaining in the quarter after termination.

Fees charged by OPTIMUM are separate from account transaction costs, and from fees and expenses charged by mutual funds that may be held.

### **Projects**

Clients are generally charged a fixed fee or an hourly fee for one time projects, based on the complexity of the plan or project and on the range of services provided. The fee is generally billed at the rate of \$250 an hour or as a fixed fee that generally ranges from \$2,500 to \$5,000. Fixed fees are generally due 50% in advance and 50% payable upon completion of the plan or services. Hourly fees are generally payable as services are performed. Clients may request an estimate of the fee in advance.

### **Ongoing Consulting Services**

Clients may be charged an ongoing fee based on the range of services provided. The fee generally ranges from \$1,000 to \$10,000 per quarter and are negotiated on a case by case basis. The ongoing fees are billed quarterly in advance.

A planning or consulting client will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing the Adviser with written notice prior to delivery of the plan or completion of the service. Upon termination, fees will be prorated to the date of termination and the unearned portion of the fee will be refunded to the client.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

OPTIMUM does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), and consequently does not simultaneously manage performance based and non performance based accounts.

### **Item 7 – Types of Clients**

OPTIMUM provides investment management and consulting services primarily to individuals, businesses, trusts and estates.

For its services, OPTIMUM generally requires a minimum dollar value of \$10,000 in assets for establishing or maintaining a client's account. The minimum is subject to waiver or negotiation.

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

OPTIMUM uses a variety of investment strategies to achieve its investment objectives. These strategies include long and short term securities purchases, periodic trading, and the use of margin and options.

Sources of information for these strategies typically include financial media, third party research material, corporate filings and press releases, and corporate rating services, among others.

Investing in securities involves risk of loss that clients should be prepared to bear. Such risks include market risk, interest rate risk, currency risk, political risk, etc. Frequent trading of securities can affect investment performance particularly through increased brokerage and other transaction costs. Each client's propensity for risk is thoroughly evaluated, documented, and considered throughout the portfolio implementation process.

No investment strategy can assure a profit or avoid a loss.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. OPTIMUM is currently not subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

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

In addition to the services listed above, Stephen Green is also an insurance agent for various insurance companies and may receive commissions related to insurance sales.

In this capacity, Mr. Green may recommend insurance products, and receive transaction compensation if products are purchased through any firms with which Mr. Green is affiliated. Thus, a conflict of interest may exist between the interests of Mr. Green and those of the advisory clients. However, clients are under no obligation to act upon any recommendations of Mr. Green or effect any transactions through Mr. Green.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

OPTIMUM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. OPTIMUM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. OPTIMUM will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer.

### **Trading Conflicts of Interest**

Individuals associated with OPTIMUM are permitted to buy or sell securities for their personal accounts identical to or different than those recommended to clients. However, no person employed by OPTIMUM is allowed to favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory clients.

In order to address potential conflicts of interest, OPTIMUM requires that associated persons with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. OPTIMUM also requires prior approval from the Chief Compliance Officer for investing in any IPOs or private placements (limited offerings).

## **Item 12 – Brokerage Practices**

### ***The Custodian and Brokers We Use***

We do not maintain custody of client assets. Instead, we require all client assets be maintained in an account at a non affiliated “qualified custodian,” generally a broker-dealer or bank. We currently recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as a qualified custodian. We are not affiliated with Schwab but instead are independently owned and operated. Schwab will hold your assets in a brokerage account and will be able to buy and sell securities on your behalf.



While we recommend that you use Schwab as custodian/broker, you will ultimately decide whether to do so and will open your account with Schwab or another custodian/broker by entering into an account agreement directly with them. We cannot actually open accounts for you, but we can assist you in opening an account at whatever custodian/broker you decide to use.

### ***How We Select Custodians and Brokers***

When recommending a custodian or broker for our clients, we consider many different factors including quality of service, types of services offered, overall capability, execution quality, competitiveness of transaction costs, availability of investment research, reputation of the firm, and financial resources, among other things. In determining the reasonableness of a broker's compensation, we consider the overall cost to you relative to the benefits you receive, both directly and indirectly, from the broker.

### **Your Brokerage and Custody Costs**

Our clients receive various services directly from Schwab, our custodian. For our clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services but instead is compensated by charging commissions or other fees on trades that it executes or trades that are executed by other brokers to and from Schwab accounts. Fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain level of assets at Schwab. We feel this commitment benefits you because we expect the overall rates you pay will be lower than they might be otherwise.

Since Schwab charges you a fee for each trade that we have executed by a different broker-dealer, we have Schwab execute most trades for your account in order to minimize your trading costs.

We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means seeking the most favorable terms for a transaction based on all relevant factors, including those listed above.

### **Products and Services Available to Us from Brokers/Custodians**

Our primary custodian provides us and our clients with access to its institutional brokerage services like trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various

support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Schwab's institutional brokerage services which benefit you directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help us manage and further develop our business. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that you maintain your account with Schwab based on our interests rather than yours, which is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients, and is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

## **Item 13 – Review of Accounts**

### **Reviews of Accounts**

Managed accounts are supervised by Mr. Green. In addition to ongoing supervision, accounts are generally reviewed more formally on a quarterly basis. The quarterly review generally includes assessing client goals and objectives, evaluating the employed strategy, monitoring the portfolio, and addressing the need to rebalance. Mr. Green will periodically, and at least annually, review client's investment policy and risk profile, and discuss the rebalancing of each client's accounts to the extent appropriate.

Additional account reviews may be triggered by a specific client request, by a change in client goals or objectives, by an imbalance in a portfolio asset allocation, or by market or economic conditions.

Reviews for financial planning or consulting relationships vary depending on the scope of the relationship, and are determined contractually. All reviews are conducted by Mr. Green.

All investment advisory and financial planning clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation.

### **Regular Reports Provided to Clients**

Investment management clients are provided with account statements from their custodian on at least a quarterly basis which list account holdings and transactions for the period. Investment management clients may also be provided with written performance reports from us on a quarterly basis that detail current market value, performance relative to market benchmarks, and overall portfolio allocation. We urge our clients to carefully review custodial statements when received and compare them to reports received from us.

Financial Planning and Consulting services accounts will receive reports as contracted for at the inception of the relationship.

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

OPTIMUM may pay individuals or other professional entities to refer clients to us via a referral agreement. Optimum's referral agreements are in compliance with Federal Regulations as detailed in 17 CFR Section 275.206(4)-3, and in each state where state law requires, each client is given a copy of the referral agreement prior to or at the time of entering into any advisory contract. The advisory fee charged to clients will not increase as a result of the referral arrangement.

OPTIMUM receives economic benefits from our custodians in the form of the support products and services that are made available to us and to other independent investment advisors. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 above. The availability to us of our custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

OPTIMUM does not receive any non cash economic benefit for client referrals.

## **Item 15 – Custody**

As mentioned above, we do not hold client assets but instead require that they be held by a third party "qualified custodian." We may however have limited control in some instances to trade on your behalf, to deduct our advisory fees from your account with your authorization, or to request disbursements to you.

You will receive account statements directly from your custodian at least quarterly, which will be sent to the email or postal mailing address you provided. We urge you to carefully review these custodial statements when you receive them and to compare them to reports you receive from us.

## **Item 16 – Investment Discretion**

OPTIMUM will accept discretionary authority to manage securities accounts on behalf of clients, although OPTIMUM may also occasionally accept non discretionary accounts.

When granted authority to manage accounts, OPTIMUM customarily has the authority to determine which securities and the amounts that are bought or sold, when they are to be bought or sold, etc., without prior consultation with the client. Any discretionary authority accepted by OPTIMUM however is subject to the client's risk profile and investment objectives, and may be limited by any other limitations provided by the client in writing.

OPTIMUM will not exercise any discretionary authority until it has been given authority to do so in writing. Such authority is granted in the written agreement between OPTIMUM and the client, and in the written agreement with the third party custodian.

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

OPTIMUM does not vote proxies on behalf of clients.

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

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must make provide financial information and make disclosures.

OPTIMUM has no financial or operating conditions which trigger such additional reporting requirements.

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

As an SEC registered firm, this Item is not applicable.