

**Form ADV Part 2A Appendix 1 – Wrap Fee Program Brochure**  
**Item 1: Cover Page**  
**March 2014**

**Decota Wealth Management Wrap Program**

**Sponsored By:**

**Decota Wealth Management, LLC**  
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**Firm Contact:**  
**James Decota**  
**Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Decota Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (415) 225-7235 or email [jimdecota@me.com](mailto:jimdecota@me.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Decota Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

## **Item 2: Material Changes**

Decota Wealth Management, LLC is required to advise you of any material changes to our Wrap Fee Program Brochure (“Wrap Brochure”) from our last annual update. Since we are a new firm, we have not material changes to disclose at this time.

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## Item 4: Services, Fees & Compensation

We offer a bundled fee program as described in this Wrap Fee Program Brochure. Our bundled fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

A bundled fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a bundled fee program, you may end up paying more or less than you would through a non-bundled fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

### Our Wrap Advisory Services

#### Wrap Comprehensive Portfolio Management:

Our comprehensive portfolio management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds, mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
First \$250,000	1.60%
Next \$500,000	1.35%
Next \$750,000	1.10%
Next \$3,500,000	1.00%
Over \$5,000,000	Negotiable

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees may be negotiable. Fees will generally be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- a) You provide written authorization permitting us to be paid directly from the managed account held by the independent custodian;

- b) Our firm sends an electronic request to the custodian indicating the amount of the fee to be paid from the client's managed account;
- c) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- d) As required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940, we urge our clients to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client.

\*In rare cases, we will agree to direct bill clients.

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the bundled-fee you are charged by our firm.

We do not recommend or offer the wrap program services of other providers. Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a bundled fee program rather than a non-bundled fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a bundled fee program arrangement if your account is not actively traded.

### **Item 5: Account Requirements & Types of Clients**

We impose the following requirement(s) to open or maintain an account:

- Minimum total household size of \$1,250,000.

Types of clients we typically manage bundled fee accounts on behalf of, include:

- Individuals and High Net-Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;

### **Item 6: Portfolio Manager Selection & Evaluation**

Our firm and its related persons act as portfolio manager(s) for this bundled fee program. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the bundled fee program. This is because we have chosen not to utilize outside portfolio managers.

**Advisory Business:**

We offer individualized investment advice to clients utilizing our Wrap Comprehensive Portfolio Management service. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Wrap Comprehensive Portfolio Management service. We do not manage assets through our other services.

**Participation in Wrap Fee Programs:**

All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage bundled fee accounts in a different fashion than non-bundled fee accounts.

**Performance-Based Fees & Side-By-Side Management:**

We do not charge performance fees to our clients.

**Methods of Analysis, Investment Strategies & Risk of Loss:**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- Charting;
- Cyclical;
- Fundamental;
- Technical.

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

- Long Term Purchases (Securities Held At Least a Year);
- Short Term Purchases (Securities Sold Within a Year);
- Trading (Securities Sold Within 30 Days);
- Short Sales;
- Margin Transactions;

**Risk of Loss:**

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

## **Voting Client Securities**

SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. We are required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast.

We consider proxy voting an important right of our clients as shareholders and believe that reasonable care and diligence must be taken to ensure that such rights are properly and timely exercised. When we have discretion to vote the proxies of our clients, we will vote those proxies in your best interests and in accordance with these policies and procedures. Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our Chief Compliance Officer, James Decota, by phone at (415) 225-7235 or email [jimdecota@me.com](mailto:jimdecota@me.com).

### Policy for Voting Proxies:

All proxies received by our firm will be given to our chief compliance officer for processing. Our chief compliance officer will determine which accounts managed by our firm hold the security to which the proxy relates. These accounts and their share holdings will be matched to the proxies received for each security. Missing proxies or significant variances in shares held will be investigated. A grid of shares held by the client for each security being voted will be updated with each proxy being voted. Our chief compliance officer will review each item for voting on each proxy. Based on our proxy voting guidelines outlined below, a determination of how our firm votes will be made. Any undefined issues will be referred to our president. A listing of each proxy voted will be updated at the time the proxy is voted. Proxies will generally be voted online unless custodian requires mailed form. In the absence of specific voting guidelines from the client, we will vote proxies in the best interest of each particular client. We look to ensure that our firm is compliant with the new exchange act rule 14a-11. In accordance with the aforementioned rule, our firm provides shareholders with the opportunity to nominate directors at a shareholder meeting under the applicable state or foreign law. Clients also have the ability to have their nominees included in the company proxy materials sent to all of our shareholders. Furthermore, the clients as shareholders also have the ability to use the shareholder proposal process to establish procedures for the inclusion of shareholder director nominations in company proxy materials.

### Proxies Voting Guidelines:

Where voting authority exists, proxies are voted by our firm in the best interests of plan beneficiaries:

- for directors and for management on routine matters.
- for a limit on or reduction of the number of directors, and for an increase in the number of directors on a case by case basis.
- against the creation of a tiered board.
- for the elimination of cumulative voting.
- for independence of auditors
- for deferred compensation.
- for profit sharing plans.

- for stock option plans unless the plan could result in material dilution to shares outstanding or is excessive.
- for stock repurchases.
- for an increase in authorized shares unless the authorization effectively results in a blind investment pool for shareholders.
- for reductions in the par value of stock.
- for company name changes.
- for routine appointments of auditors.

We abstain on motions to limit directors' liability. Material issues not addressed above (e.g., mergers, poison pills, social investing and miscellaneous shareholder proposals) are dealt with on a case-by-case basis.

Our firm will defer to client voting policies as directed. Eligible shares are monitored against ballots received from custodians, and detailed records of all issues and votes are maintained and reported to clients as requested.

We recognize that under certain circumstances we may have a conflict of interest between us and our clients. Such circumstances may include, but are not limited to, situations where our firm or one or more of our affiliates, including officers, directors and employees, has or is seeking a client relationship with the issuer of the security that is the subject of the proxy vote. We shall periodically inform our employees that they are under an obligation to be aware of the potential for conflicts of interest on the part of our firm with respect to voting proxies on behalf of funds, both as a result of our employee's personal relationships and due to circumstances that may arise during the conduct of our business, and to bring conflicts of interest of which they become aware to the attention of the proxy manager. We shall not vote proxies relating to such issuers on behalf of client accounts until we have determined that the conflict of interest is not material or a method of resolving such conflict of interest has been agreed upon by our management team. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence our decision-making in voting a proxy. Materiality determinations will be based upon an assessment of the particular facts and circumstances. If we determine that a conflict of interest is not material, we may vote proxies notwithstanding the existence of a conflict. If the conflict of interest is determined to be material, the conflict shall be disclosed to our management team and we shall follow the instructions of the management team. We shall keep a record of all materiality decisions and report them to the management team on an annual basis.

Our chief compliance officer will maintain files relating to our proxy voting procedures. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the last two years kept on our premises. Records of the following will be included in the files:

- copies of these proxy voting policies and procedures, and any amendments thereto.
- a copy of each proxy statement that we receive, provided however that our firm may rely on obtaining a copy of proxy statements from the SEC Edgar System for those proxy statements that are available.
- a record of each vote that we cast.
- a copy of any document we created that was material to making a decision how to vote proxies, or that memorializes that decision.



- a copy of each written client request for information on how we voted such client's proxies, and a copy of any written response to any client request for information on how we voted their proxies.

Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our Chief Compliance Officer, James Decota, by phone at (415) 225-7235 or email [jimdecota@me.com](mailto:jimdecota@me.com).

#### **Item 7: Client Information Provided to Portfolio Manager(s)**

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

#### **Item 8: Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

#### **Item 9: Additional Information**

We have determined that our firm and management have no disciplinary information to disclose.

We have the following financial industry activities and affiliations to disclose:

- Representatives of our firm are insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees

for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

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

### **Review of Accounts**

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We review accounts on at least a quarterly basis for our clients subscribing to our Wrap Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to our Wrap Comprehensive Portfolio Management services.

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

### **Client Referrals & Other Compensation**

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We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

### **Financial Information**

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We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.