



# **FMB WEALTH MANAGEMENT**

## **FIRM BROCHURE**

### **ADV PART 2A**

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Dated: April 1, 2015

#### **ITEM 1 – COVER PAGE**

This ADV Part 2A Firm Brochure provides information about the qualifications and advisory business practices of FMB Wealth Management ("FMBWM"). FMBWM is a Registered Investment Advisor with the United States Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, such registration of an investment advisor does not imply any level of skill or training. If you have any questions about the contents of this brochure, please contact us at (805) 446-4494 or by email at [info@fmbwealth.com](mailto:info@fmbwealth.com).

The information contained in this brochure has not been approved or verified by the SEC or by any state securities regulatory authority. The oral and written communications of an Advisor provides you with information about which you determine to hire or retain an Advisor.

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

## **ITEM 2 – MATERIAL CHANGES**

This “Brochure” is dated April 1, 2015. This section, “Item 2 – Material Changes” will only point out material changes that have been made to this Brochure since our prior Brochure dated September 3, 2014, and provide you with a summary of those material changes.

There have been no other material changes from our prior Brochure dated September 3, 2014.

Please review this FMB Wealth Management Disclosure Brochure carefully for other important disclosures and information.

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## ITEM 4 – ADVISORY BUSINESS

### A. Advisor Background

FMB Wealth Management is a privately owned Registered Investment Advisor (RIA) registered with the Securities and Exchange Commission (SEC) since 2001. The principal owners are Thomas W. Fields and Debra A. Fields.

### B. Advisory Personnel

**Thomas W. Fields**, CFP®, Principal, President, Chief Compliance Officer

**Year of Birth:** 1960

**Designations:** CFP® (Certified Financial Planner)

**Licenses:** Series 7, 24, 63  
California Life, Health and Disability Insurance licensed

**Education:** BA Math, Occidental College, 1982  
CFP® Certified Financial Planning Board of Standards, 1987

#### **Business**

**Background:** Securities Registered Representative from 1987 - 2012

Registered Representative  
**Independent Financial Group**, 2005 - 2012

Director, President, CCO, Investment Advisor Representative  
**FMB Wealth Management**, 2001 - present

Director, President, CCO, Investment Advisor Representative  
**FMB Retirement Services**, 2012 – present

#### **Reportable**

**Disclosures:** Thomas W. Fields does not have any reportable disclosure events. However, Mr. Fields was notified in November, 2011 that he was a named respondent in a FINRA arbitration claim against his former broker-dealer, Independent Financial Group, LLC. FMBWM has reviewed the issues raised and determined that the claims were without merit and not material to a current or future FMBWM client or RIA activity. However, FMBWM believes that any potentially material disclosure should be made and thereby includes disclosure of this matter in this Brochure.

The claims against the parties in this case, including Mr. Fields, were settled by Claimant and Independent Financial Group, LLC's counsel in July, 2013. Mr. Fields was not a party to the settlement discussions or ultimate settlement agreement. FMBWM firmly believes that Mr. Fields would have been

successfully dismissed from all claims, but was not given the opportunity to be heard or defend his position.

Mr. Fields successfully filed a counter-arbitration claim with FINRA in January, 2014 against claimants in this case to expunge the case from his CRD record. The expungement request was not disputed by respondent-clients and Mr. Fields' expungement request was granted on September 4, 2014.

The details of this case can be found on FINRA's BrokerCheck system or the Investment Advisor's Public Disclosure site (IAPD). Clients can access IAR disciplinary history by clicking on the BrokerCheck link, which is [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or the IAPD link, which is [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

Mr. Fields has not been involved in a disclosure event where he was found liable in any civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

#### **Other Business**

**Activities:** Thomas W. Fields is licensed to sell insurance products in the State of California. Mr. Fields also receives management fees for providing advisory services through FMB Wealth Management and its affiliated RIA, FMB Retirement Services. He may occasionally receive commissions for insurance-related product sales directly from the respective insurance company.

**Debra A. Fields**, CFP®, Director, Secretary and Treasurer

**Year of Birth:** 1958

**Designations:** CFP® (Certified Financial Planner)

**Education:** BA French/Business, University of Redlands, 1980  
CFP® Certified Financial Planning Board of Standards, 1987

**Business** Secretary, Treasurer and Director / FMB Wealth Management, 2001 - present

**Background:** Secretary, Treasurer and Director / FMB Retirement Services, 2012 – present

#### **Reportable**

**Disclosures:** Ms. Fields has not been involved in a disclosure event where she was found liable in any civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

#### **Other Business**

**Activities:** Debra A. Fields does not have any other business activities other than administrative management of FMBWM's related advisor, FMB Retirement Services.

**Grant E. Blindbury**, CFP®, Director

**Year of Birth:** 1979

**Designations:** CFP® (Certified Financial Planner)

**Licenses:** Series 7, 66  
California Life, Health and Disability Insurance licensed

**Education:** BA Business, UCLA, 2001  
CFP® Certified Financial Planning Board of Standards, 2008

**Business** Rep/Independent Financial Group, 2005 - 2012

**Background:** Director-Investment Advisor Rep/FMB Wealth Management, 2001 - present  
Director-Investment Advisor Rep/FMB Retirement Services, 2012 - present

**Reportable**

**Disclosures:** Mr. Blindbury has not been involved in a disclosure event where he was found liable in any civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

**Other Business**

**Activities:** Grant E. Blindbury is also licensed to sell insurance products in the State of California.

Mr. Blindbury receives management fees for providing advisory services through FMB Wealth Management and its affiliated RIA, FMB Retirement Services. He also may receive commissions for insurance-related product sales.

Mr. Blindbury reports directly to Thomas W. Fields for all FMBWM and FMBRS business. You may contact Mr. Fields at (805) 446-4494.

**Evan Z. Miller**, CFP®, Director

**Year of Birth:** 1979

**Designations:** CFP® (Certified Financial Planner)

**Licenses:** Series 7, 66  
California Life, Health and Disability Insurance licensed

**Education:** BA Business Economics, UCLA, 2001  
CFP® Certified Financial Planning Board of Standards, 2008

**Business** Rep/Independent Financial Group, 2005 - 2012

**Background:** Director-Investment Advisor Rep/FMB Wealth Management, 2001 - present  
Director-Investment Advisor Rep/FMB Retirement Services, 2012 - present

**Reportable**

**Disclosures:** Evan Z. Miller has not been involved in a disclosure event where he was found liable in any civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

**Other Business**

**Activities:** Evan Z. Miller is licensed to sell insurance products in the State of California. Mr. Miller also receives management fees for providing advisory services through FMB Wealth Management and its affiliated RIA, FMB Retirement Service. He also may receive commissions for insurance-related product sales.

Mr. Miller reports directly to Thomas W. Fields for all FMBWM and FMBRS business. You may contact Mr. Fields at (805) 446-4494.

**Jeremy J. Fields, AIF®**, Investment Advisor Representative

**Year of Birth:** 1988

**Designations:** AIF® (Accredited Investment Fiduciary®)

**Licenses:** Series 65  
California Life, Health and Disability Insurance licensed

**Education:** University of San Diego, 2007 - 2010

**Business** Investment Advisor Representative / FMB Wealth Management, 2012 - present

**Background:** Investment Advisor Representative / FMB Retirement Services, 2012 - present

**Reportable**

**Disclosures:** Jeremy J. Fields has not been involved in a disclosure event where he was found liable in any civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

**Other Business**

**Activities:** Jeremy J. Fields is registered with, and receives management fees for providing advisory services through its affiliated RIA, FMB Retirement Services. Jeremy J. Fields is also licensed to sell insurance products in the State of California. He may receive commissions for insurance-related product sales.

Jeremy J. Fields reports directly to Thomas W. Fields. You may contact Mr. Thomas Fields at (805) 446-4494.

**Daniel L. Mock**

**Year of Birth:** 1991

**Licenses:** Series 65  
California Life, Health and Disability Insurance licensed



**Education:** B.A. Economics, California Lutheran University  
B.A. Political Science, California Lutheran University  
Masters of Science, Quantitative Economics, California Lutheran University

**Business** Intern; FMB Wealth Management; 5/2013 – 8/2014

**Background:** Investment Advisor Representative; 8/2014 – Present  
Investment Advisor Representative; 8/2014 – Present

**Reportable**

**Disclosures:** Daniel Mock has not been involved in any disclosure event where he was found liable in an arbitration claim alleging damages in excess of \$2,500, or found liable in a civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

**Other Business**

**Activities:** Mr. Mock receives management fees for providing advisory services through FMB Wealth Management and its affiliated RIA, FMB Retirement Services. Mr. Mock is also licensed to sell insurance products in the State of California. He may receive commissions for insurance-related product sales.

Daniel Mock reports directly to Thomas W. Fields. You may contact Mr. Thomas Fields at (805) 446-4494.

**Ronald J. Anfuso, CPA**

**Year of Birth:** 1959

**Licenses:** NASAA Series 65

**Education:** Bachelor of Business Administration, 1990  
National University

**Designations:** Certified Public Accountant (CPA)  
Certified Divorce Financial Analyst (CDFA®)  
Accredited in Business Valuation (ABV)  
Certified in Financial Forensics (CFF)  
Fellow of the American Board of Forensic Accounting (FABFA)

**Business** President - Ron J. Anfuso, An Accountancy Corporation - Forensic Accounting

**Background:** and Tax Preparation and Planning Services; 2008 - Present  
Owner - Ron J. Anfuso, CPA; 1998 – 2008  
Investment Advisor Representative - FMB Wealth Management; 2015 - Present

**Reportable**

**Disclosures:** Ron J. Anfuso has not been involved in any disclosure event where he was found liable in an arbitration claim alleging damages in excess of \$2,500, or found liable in a civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

## **Other Business**

**Activities:** Mr. Anfuso is an actively licensed CPA offering forensic accounting, tax preparation and planning services in the State of California, and by doing so, receives a fee for those services provided.

There is no affiliation between FMB Wealth Management and Mr. Anfuso's CPA firm. However, since Mr. Anfuso may offer investment advisory services through FMB to clients of Ron J. Anfuso, An Accountancy Corporation, and would receive advisory fees for doing so, there may be a conflict of interest with clients by receiving such fees. Mr. Anfuso may have an incentive to recommend investments and services offered through FMB based on the compensation received, rather than on the client's needs. FMB addresses this potential conflict by reviewing each client profile and monitors their account activities to ensure all assets are managed appropriately and in alignment with their stated objectives and risk profile.

Ron J. Anfuso reports directly to Thomas W. Fields for all FMBWM and FMBRS business. You may contact Mr. Fields at (805) 446-4494.

## **Use of Professional Designations:**

**Certified Financial Planner (CFP®).** The Certified Financial Planner™, CFP® and federally registered CFP 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. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

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 as 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 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 in order 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 CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**Accredited Investment Fiduciary (AIF®).** The AIF® (Accredited Investment Fiduciary®) professional designation is the first and only designation that demonstrates knowledge and competency in the area of fiduciary responsibility. With the media awash with stories of financial scandals, investors are demanding that investment advisors embrace a higher standard of practice than ever before. The AIF® professional designation and certification is issued by the Center for Fiduciary Studies, and the training is the best way for investment fiduciaries and professionals to absorb the Prudent Practices, their legal underpinnings and how to apply them within existing fiduciary policies and procedures.

Holders of the AIF® mark have successfully completed this specialized program on investment fiduciary standards and subsequently passed a comprehensive examination. To qualify for the AIF® Designation, candidates must meet minimum criteria for Screening, Education and Training standards, Professional Development standards, and Relevant Industry Experience standards.

The AIF® training concludes with an examination in order to apply for and earn the AIF® Designation. The AIF® final exam is a proctored exam. The requirement for a proctor ensures the integrity of the examination process as one of the high standards for earning the AIF® Designation.

**Certified Public Accountant (CPA).** Certified Public Accountant (CPA) is the title of qualified accountants in numerous countries in the English-speaking world. In the United States they will have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for membership in their respective professional accounting bodies and certification as a CPA. In most U.S. states, only CPAs who are licensed are able to provide to the public attestation (including auditing) opinions on financial statements. The exceptions to this rule are Arizona, Kansas, and North Carolina where the "CPA" designation and the practice of auditing are not restricted.

In order to become a CPA in the United States, the candidate must sit for and pass the Uniform Certified Public Accountant Examination (Uniform CPA Exam), which is set by the American Institute of Certified Public Accountants (AICPA) and administered by the National Association of State Boards of Accountancy (NASBA). The CPA was established in law on April 17, 1896.

Eligibility to sit for the Uniform CPA Exam is determined by individual state boards of accountancy. All states have adopted what is known as the "150 hour rule", which usually requires an additional year of education past a regular 4 year college degree, or a master's degree.

The Uniform CPA Exam tests general principles of state law such as the law of contracts and agency (questions not tailored to the variances of any particular state) and some federal laws as well. Although the CPA exam is uniform, licensing and certification requirements are imposed separately by each state's laws and therefore vary from state to state.

State requirements for the CPA qualification can be summed up as the *Three Es*—Education, Examination and Experience. The education requirement normally must be fulfilled as part of the eligibility criteria to sit for the Uniform CPA Exam. The examination component is the Uniform CPA Exam itself. Some states have a two-tier system whereby an individual would first become certified—usually by passing the Uniform CPA Exam. That individual would then later be eligible to be licensed once a certain amount of work experience is accomplished. Other states have a one-tier system whereby an individual would be certified and licensed at the same time when both the CPA exam is passed and the work experience requirement has been met.

Over 40 of the state boards now require applicants for CPA status to complete a special examination on ethics, which is effectively a *fifth exam* in terms of requirements to become a CPA. The majority of these will accept the AICPA self-study *Professional Ethics for CPAs* CPE

course or another course in general professional ethics. Many states, however, require that the ethics course include a review of that state's specific rules for professional practice.

The Uniform CPA Examination protects the public interest by helping to ensure that only qualified individuals become licensed as U.S. Certified Public Accountants (CPAs). Individuals seeking to qualify as CPAs – the only licensed qualification in accounting – are required to pass the CPA Examination.

Examination content development is a major effort at the AICPA, involving hundreds of CPA volunteers who spend thousands of hours every year on the development of new examination questions. A constant flow of new questions is necessary to maintain the vitality and credibility of the CPA Examination.

**Certified Divorce Financial Analyst (CDFA®).** A Certified Divorce Financial Analyst is a trained professional who has passed certain tests to become a financial analyst specializing in divorce issues. A Certified Divorce Financial Analyst is commonly used where there are large marital assets or a business to be divided.

The role of the CDFA includes acting as an advisor to one party's divorce lawyer, or as a mediator for both parties. A CDFA uses his or her knowledge of tax law, asset distribution, and short- and long-term financial planning to achieve an equitable settlement.

To become a CDFA, a person must have two years of financial planning or legal experience. After attaining the proper work experience, candidates are required to complete a four-step modular program and exam designed by The Institute for Divorce Financial Analysts (IDFA™). IDFA™ is the premier national organization dedicated to the certification, education and promotion of the use of financial professionals in the divorce arena. The Institute provides comprehensive training using a variety of knowledge and skill-building techniques. Candidates will learn how to help their clients with financial issues that will affect the rest of their lives, and they will receive the Certified Divorce Financial Analyst (CDFA) designation after successfully completing the course. The program is a self-study system, covering financial and tax issues, with case studies of divorce settlements.

**Accredited in Business Valuation (ABV).** The American Institute of CPAs (AICPA) provides specialized access to information, education, tools and support that enhance “Accredited in Business Valuation” (ABV) credential holders' ability to make a genuine difference for their clients and employers. ABV credential holders may brand or position themselves as premier business valuation service providers who differentiate themselves by going beyond the core service of reaching a conclusion of value and creating value for clients through the strategic application of this analysis.

The ABV Credential is exclusively granted by the AICPA to qualified CPAs. To earn the ABV Credential, candidates must meet minimum qualification requirements, which are based on successfully passing the ABV Examination and meeting minimum valuation-related business experience and education requirements:

- Hold a valid and unrevoked CPA license or certificate issued by a legally constituted state authority
- Pass the ABV Examination (requirement waived for Accredited Members and Accredited Senior Appraisers of the American Society of Appraisers)
- Upon successfully passing the ABV Examination, complete the ABV Credential Application. Applicants must attest to meeting the minimum Business Experience and Education requirements and pay the appropriate credential fee.
- Business Experience: ABV candidates must have completed a minimum of either 6 business valuation engagements or obtained 150 hours of BV experience within the 5-year period preceding the date of the credential application.
- Education: ABV candidates must complete 75 hours of valuation-related continuing professional education (CPE). All hours must be obtained within the 5-year period preceding the date of the ABV application.
- Sign a Declaration of Intent to comply with the requirements of ABV Recertification

**Certified in Financial Forensics (CFF).** The American Institute of Certified Public Accountants (AICPA) established the Certified in Financial Forensics (CFF) in 2008 for CPAs who specialize in forensic accounting. The CFF credential is granted exclusively to CPAs who demonstrate considerable expertise in forensic accounting through their knowledge, skills, and experience. The CFF credential program is built around content areas that encompass professional responsibilities and practice management; fundamental forensic knowledge; and specialized forensic knowledge.

The examination is a combination of utilizing the body of knowledge referenced in the CSO coupled with applying this body of knowledge by obtaining relevant work experience in forensic accounting. Accordingly, candidates may sit for the exam only after they have completed the required 1,000 hours of forensic accounting experience.

The CFF credential program is designed to achieve the following objectives:

- Ensure the continued competitiveness of CPAs versus other forensic accounting services providers through continuous access to a comprehensive community of resources and support
- Enhance the quality of the forensic services members provide
- Increase the confidence in the quality and accuracy of forensic services received from CPA/CFF providers

**Fellow of the American Board of Forensic Accounting (FABFA).** The Fellow designation is the highest honor the American Board of Forensic Accounting (ABFA) can bestow upon a member. This designation is reserved for members with outstanding achievements and excellence as well as participating actively in ABFA programs.

The Certified Forensic Accountant program assesses Certified Public Accountants (CPAs) knowledge and competence in professional forensic accounting services in a multitude of areas.

Forensic accountants may be involved in both litigation support (providing assistance on a given case, primarily related to the calculation or estimation of economic damages and related issues) and investigative accounting (looking into illegal activities).

Credential Content: Certified Forensic Accountant covers all of the topics a CPA needs to expand their field of expertise. The credential goes beyond the traditional training a CPA receives. The materials include:

- History of forensic accounting
- Fraud auditing
- Asset misappropriation scams
- Alternate dispute resolution
- Preparation and courtroom tips
- Document retrieval and analysis
- Rules of evidence
- Government auditing techniques
- IRS Valuation Guidelines

Individuals are expected to maintain membership and complete 15 hours of forensic-related continuing education credits per year to maintain their Certified Forensic Accountant status.

### **C. Advisory Services**

FMB Wealth Management provides wealth management services for individual and qualified retirement plan clients. Wealth management is comprised of investment consulting, advanced planning and relationship management services. Investment consulting incorporates historical portfolio performance analysis, risk evaluations, and asset allocation. Advanced planning involves wealth enhancement (tax and cash-flow planning), wealth transfer (transferring wealth effectively), wealth protection (risk mitigation and transferring risk to insurance companies) and charitable giving.

FMBWM uses passively managed index mutual funds and Exchange Traded Funds (ETF's)

from various asset classes to achieve diversification. Many of the funds used are from Dimensional Fund Advisors (DFA). These funds are purchased and held at an independent third party discount stock brokerage firm (Charles Schwab or TD Ameritrade) or with another qualified retirement plan custodian.

For participant-directed defined contribution pension plans held with qualified custodians, FMBWM IARs will review and analyze all available investment options.

#### **D. Client Needs**

IARs conduct initial discovery meetings with each potential advisory client to discuss their financial needs, personal goals, risk tolerance and overall investment objectives in depth. It is beneficial to the client for each client to provide accurate and candid information and promptly inform their IAR of any material changes in their circumstances as soon as a change occurs so their IAR can re-evaluate their portfolio to see if adjustments to the advisory account portfolio are necessary. Clients may impose restrictions on investing in certain securities or types of securities in most advisory programs.

#### **E. Wrap Programs**

FMBWM and its associated IARs do not offer or participate in wrap fee programs.

#### **F. Client Assets Under Management**

As of January 31, 2015 FMB Wealth Management managed 98 client accounts and \$146,984,602.80 on a discretionary basis.

### **ITEM 5 – FEES AND COMPENSATION**

#### **A. Compensation for Advisory Services**

FMBWM is compensated for advisory services by fees based on the value of the Client accounts at the end of each calendar quarter. FMBWM's general compensation schedule is as follows:

<u>Value of Managed Accts</u>	<u>Quarterly Fee</u>	<u>Annualized Fee</u>
First \$2.5 million	0.250%	1.00%
\$2.5 million to \$5 million	0.200%	0.80%
\$5 million to \$10 million	0.175%	0.70%
\$10 million to \$20 million	0.125%	0.50%
\$20 million and over	0.100%	0.40%



Advisory fees within FMBWM's programs are negotiable.

FMBWM may provide certain fee-based discounts, such as "family" group account discounts to multiple accounts within a family or household. This discounted "family" rate varies and may be based on total family assets under management.

## **B. Billing Method**

Advisory Fees are payable quarterly in arrears. Payments are due and will be calculated on the last day of each calendar quarter based on the value of the Account assets under management as of the close of business on the last business day of that quarter as valued by the custodian. The first payment will be assessed pro-rata in the event the Agreement is executed at any time other than the first day of the calendar quarter. The payment will be deducted from Clients' accounts based on prior approval from the client as set forth in their specific client service agreement.

## **C. Other Fees and Expenses**

No start-up fees are charged. The advisory fees are separate from brokerage transaction fees and other related costs and expenses in non-wrap accounts. Clients may also incur charges imposed by third party custodians, brokers, third party money managers and other third parties. Such fees may include custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund transfer fees and other fees on brokerage accounts and securities transactions. FMBWM and its IARs do not receive any portion of these fees.

Mutual Funds and Exchange Traded Funds (ETFs) charge internal management fees which are disclosed in each of the individual fund's prospectus. Program advisory fees do not include certain charges such as 12b-1 (marketing) fees paid by mutual funds held in clients' account, which may be retained by IAR as a registered representative. Notwithstanding the foregoing, no 12b-1 fees may be received by IAR with respect to any assets in a program account of a client which is an employee benefit plan subject to ERISA, an IRA or other account subject to the prohibited transaction rules of the Internal Revenue Code which are substantially the same as ERISA. The 12b-1 fees are included among normal mutual fund expenses and are reflected in the fund prospectus.

## **D. Termination**

Management fees are payable in arrears. If a client terminates before the end of the quarter, no fee is assessed for that quarter.

## **E. Additional Compensation**

IARs may receive commissions or other fees or compensation in relation to insurance products placed through an unaffiliated insurance agency or broker.

### **IF APPLICABLE:**

**ERISA Accounts:** FMBWM is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, FMBWM may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

**Advisory Fees in General:** Clients should note that similar advisory services may be available from other registered (or unregistered) investment Advisors for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$600 more than six months in advance of services rendered.

## **ITEM 6 – PERFORMANCE FEES**

FMBWM does not charge performance based fees or fees based on capital gains or capital appreciation of client assets.

## **ITEM 7 - TYPES OF CLIENTS**

FMBWM provides wealth management services to individuals, high net worth individuals, trusts, business owners, and corporations. The minimum initial account size managed by IARs through FMBWM is \$1,000,000. The minimum account size requirement can be waived by FMBWM.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis**

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

***Long Term Diversified Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to create an appropriate ratio of securities suitable to the client's investment goals and risk tolerance based on a modern portfolio theory funded primarily with passive index funds.

A risk of a long term diversified asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Passive Index Mutual Fund Analysis.*** We monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy and to ensure that there has been no style drift.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **B. Investment Strategies**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriately matched 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.*** We purchase securities, including index funds, with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, a security may decline sharply in value before we make the decision to sell.

By using index funds, FMBWM is able to place the clients' money in the desired asset classes. These funds remove the managers' discretion in choosing the securities that are purchased. The fund investments are determined by the definition of the index or asset class and the managers simply purchase securities to match the index. For example, instead of finding a fund manager that buys large cap U.S. stocks in an effort to outperform the S&P 500 Index, FMBWM buys a fund with the identical stocks to the S&P 500 index. This style will avoid the risk of exposing the client to a fund manager that is out of phase or simply picks the wrong securities as well as generating excessive trading costs. For taxable investors index funds and tax-managed index funds also produce very low capital gain distributions due to the low fund turnover.

The general asset classes used are short-term U.S. bonds (1-2 year average maturity), large U.S. stocks, small U.S. stocks, large international stocks, small international stocks and a real estate index. The portfolios may also be invested with value index funds that match the "value" (high book to market value) component of each equity class. Unless otherwise requested by the client, their portfolio is balanced using 15% to 40% short-term bonds. The remainder is spread among the previously listed equity asset classes. All portfolios assume that the investor has a minimum 3-year commitment for the conservative balance, 3-5 years for the aggressive balance. The client can request that a limited amount of selected individually-listed securities, actively managed mutual funds or mortgages be placed in the account, but even these will be assumed to be held for the long term.

Most of the funds are from Dimensional Funds Advisors (DFA), which specializes in no load asset class funds. DFA is an Institutional index fund company known for its very low turnover and management fees. To purchase a fund directly from DFA prior approval is needed along with a \$2 million minimum investment. Because FMBWM has received approval from DFA, it is able to invest its clients' assets with DFA through Charles Schwab or TD Ameritrade. Index funds from Vanguard, as well as listed Exchange Traded Funds (ETF's) may also be used. The clients' accounts are opened and run through a discount brokerage custodian (Charles Schwab or TD Ameritrade) with daily price and transaction activity downloaded to FMBWM's office. Portfolio management software is used to track the investments, produce reports and reconcile accounts. These reports show the asset class weighting, the investment performance of portfolios are reviewed and the asset class balance is analyzed. If warranted by clients' objectives and transaction costs, the portfolio will be either rebalanced or continued without changes.

### **C. Risk of Loss**

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

IARs work with advisory clients to determine appropriate allocation models and overall investment strategies during an initial in-depth discovery meeting. Clients are asked questions related to their values, interests, relationships, goals, current advisors and assets. Clients should discuss their objectives and risk tolerance with their IAR thoroughly. No assumption can be made that any particular strategy will provide better returns than other investment strategies.

### **D. Sources of Information**

To help develop its strategies and recommendations, FMBWM uses commercially available services, specifically financial publications and information services dealing with investment research and taxation. Such information may be obtainable in print, on computer media, via the internet, or via some other electronic means. Company prepared materials (particularly prospectuses) and research releases prepared by others are also utilized. As an investment advisor, FMBWM also has the opportunity to access information from a variety of experts, whether through personal visits, telephone calls, or at industry or related meetings. Independent, third party registered investment advisors may also be employed to provide additional expertise in unique situations.

Before participating in any investment, clients should carefully consider the risks associated with each investment by reviewing the respective prospectus, offering memorandum or disclosure brochure prepared by the issuing company. The various applicable mutual fund, annuity and private fund prospectuses serve as important sources of risk disclosure that should be read carefully. Investing in securities involves risk of loss that clients should be prepared to bear.

The following describes common characteristics of risk associated with specific types of investments that may be recommended by FMBWM in client accounts.

Mutual Funds: Each mutual fund has different risks and rewards. Generally, the higher the potential return, the higher the risk of loss. Investors may have to pay taxes on capital gains distributions received even if the fund goes on to perform poorly after the investor bought shares.

Money Market Funds: Although Money Market Funds have relatively low risks, the NAV may fall below \$1.00 if the fund performs poorly, therefore, losses are possible.

Fixed Income Securities: Fixed income investments tend to be more conservative than stocks.

However, clients should be aware that bonds and bond funds do carry some degree of risk including but not limited to interest rate, credit, inflation, pre payment and reinvestment risks.

ETFs: Exchange Traded Funds (ETFs), like stocks and index funds can carry a significant amount of market risk. The appeal of an ETF is that it represents many assets or companies, like an indexed mutual fund, but unlike a mutual fund that prices Net Asset Value on a daily basis, ETFs can be traded at any time during trading hours, like a stock. Investing in ETFs involves volatility and risk of losses that Clients should be prepared to withstand.

Use of Margin: Securities purchased on margin are used as the account custodian's collateral for the margin loan made to an advisory clients' account. If the securities in an account declines in value, so does the value of the collateral supporting the margin loan, and, as a result, the account custodian can take action, such as issue a margin call and/or sell securities or other assets in any of the accounts held with that custodian firm, in order to maintain the required equity in the account. It is important that Clients fully understand the risks involved in trading securities on margin.

## **MARGIN DISCLOSURE STATEMENT**

Margin risk includes the following:

- You can lose more funds than you deposit in the margin account.
- The account custodian can force the sale of securities or other assets in your account(s).
- The firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.
- The account custodian can increase its "house" margin maintenance requirements at any time and is not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

When clients execute transactions using margin, they must keep these important rules and conditions in mind. Clients with any questions or concerns are advised to contact your IAR, or FMBWM's Chief Compliance Officer, Thomas Fields.

## **ITEM 9 – DISCIPLINARY ACTION**

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be considered material to clients' or prospective clients' evaluation and/or selection of an Advisor. FMBWM has no disciplinary history applicable to this item.

However, Thomas W. Fields, Principal, President and CCO was notified in November, 2011 that he was a named respondent in a FINRA arbitration claim through his former broker-dealer, Independent Financial Group, LLC. While Mr. Fields was named as a respondent in this proceeding, and FMBWM has reviewed the issues raised and determined that the claims are without merit and not material to a current or future FMBWM client, FMBWM believes that any potentially material disclosure should be made, and thereby includes this matter in this Brochure in the interest of full disclosure.

The details of this case can be found on FINRA's BrokerCheck system or the Investment Advisor's Public Disclosure site (IAPD). Clients can access IAR disciplinary history by clicking on the BrokerCheck link, which is [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or the IAPD link, which is [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

FMBWM's principal business is as a Registered Investment Advisor. This principal business accounts for the majority of FMBWM's time. IARs of FMBWM may also be engaged in the insurance business as insurance agents or brokers.

IARs may receive commissions if clients choose to implement recommendations offered through an insurance company. If a client chooses to make a commission-based purchase through an insurance broker or agency recommended by an FMBWM IAR this may present a conflict of interest to the extent the IAR may have a financial incentive to recommend certain products and services through that insurance broker or agency in lieu of other financial institutions.

## **ITEM 11 – CODE OF ETHICS: PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

FMBWM has adopted a Code of Ethics that is designed to comply with the Investment Advisors Act of 1940, SEC Rule 204A-1 and federal securities laws. The Code of Ethics requires certain covered persons, including IARs, to adhere to the highest business standards and conduct their affairs with integrity and competence when dealing with the public, clients, prospects and employees. The Code of Ethics outlines acceptable and unacceptable activities for IARs. The Code of Ethics also requires IARs to report personal securities transactions to FMBWM on a quarterly basis and contains guidelines for how client transactions must be given preference over personal transactions by the IAR. A copy of the Code of Ethics is available to clients and prospects upon request.

FMBWM and its IARs may invest in or otherwise own an interest in the same securities that are recommended to clients. This creates a potential conflict of interest. All IARs are required to place the interests of clients ahead of their own when making personal investments. In addition, FMBWM requires that client transactions be placed before IAR personal transactions. Personal trading by IARs is monitored by FMBWM. IARs may also buy or sell a specific security for their own account based on personal investment considerations, which the IAR does not deem appropriate to buy or sell for clients.

FMBWM does not make a market in any securities and does not buy or sell securities for its own account. No principal transactions with FMBWM shall be effected in the accounts by FMBWM. No agency-cross transactions (as such term is defined in Advisors Act Rule 206(3)-2(b)) for Client transactions will be executed by FMBWM.

## CODE OF ETHICS

FMB's Code of Ethics is based upon the principle that FMBWM and its employees and advisors owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The purpose of FMBWM's Code of Ethics is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct. As such, FMBWM and its employees are prohibited from engaging in fraudulent, deceptive, or manipulative conduct. FMBWM and its employees have an affirmative duty of utmost good faith to act solely in the best interest of its clients.

FMBWM has adopted the following Code of Ethics in accordance with applicable state and federal requirements:

- **Fiduciary Responsibility-** FMBWM and its associated persons shall exercise the highest standard of care in protecting and promoting the interests of its clients, and will provide a written disclosure statement containing any conflicts of interest that may compromise their impartiality or independence. As a fiduciary, FMBWM shall only accept fees or compensation in accordance with the professional investment advisory services engaged to provide by customer-executed agreement.
- **Integrity-** All professional services shall be rendered with the highest level of integrity.



- Objectivity- FMBWM and its staff shall provide advice that is objective and in the best interest of the client and without conflicts of interest.
- Competence- FMBWM and its staff shall maintain the necessary knowledge and skills to provide our clients with competent advice and services.
- Fairness- All professional services shall be performed by FMBWM and its staff in a manner that is fair and reasonable to its clients.
- Confidentiality- FMBWM and its staff shall maintain and safeguard all confidential client information in accordance with applicable laws.
- Diligence- FMBWM and its staff shall ensure the accuracy and completeness of records, information, and data collected, used and managed, and will take necessary steps to correct any discrepancies.
- Regulatory Compliance- FMBWM and its staff shall comply fully with appropriate laws and internal regulations.

FMBWM will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

### **Participation/Interest in Client Transactions**

On occasion, FMBWM and its management persons may own securities or securities products that are managed and in the custody of institutional, third-party money managers that are also recommended to clients which may present a potential conflict of interest. Such securities are kept in separate accounts by said money managers and are not commingled. Additionally, as a preventative measure, all client transactions will be conducted and implemented before any such transaction relating to any personal accounts of any affiliated persons of FMBWM. In addition to this measure, all of the aforementioned management persons of FMBWM will act in accordance with applicable securities laws and conduct their business to ensure overall compliance with Insider Trading rules and the Securities Fraud Enforcement Act of 1988.

Clients of FMBWM are under no obligation to act upon the recommendations made by IARs of FMBWM. Lower fees for comparable services may be available from other sources.

## **ITEM 12 – BROKERAGE PRACTICES**

FMB requires the client to appoint a custodian for their accounts. Generally, FMBWM manages client accounts through TD Ameritrade Institutional or Charles Schwab Institutional as the custodian for their accounts, but clients are under no obligation to choose either as their account custodian. FMBWM does not direct trades to any chosen custodian, broker or firm. Trades are not aggregated. Trades are done on an individual basis to help ensure proper execution.

## **ITEM 13 – REVIEW OF ACCOUNTS**

IARs are responsible for reviewing client advisory accounts at least quarterly, and then also for conducting a complete account annual review. Additional triggering events may include responses to client requests, market events or specific target dates. More frequent account reviews may occur as IAR or FMBWM may deem appropriate based on, but not limited to, size or value of account, portfolio positions or holdings, economic conditions and market conditions.

Clients will receive trade confirmations and periodic account statements from the custodian of their accounts. In addition, clients will receive quarterly portfolio performance reports from FMBWM. IAR may also provide additional reporting services to clients. Clients are encouraged to review and compare the account information (for example, market values, transactions, and advisory fees) in the reports and additional IAR reporting to the account statements received from the custodian.

### **A. Individual Portfolio Management**

*REVIEWS:* While the underlying securities within the advisory accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by FMBWM's Compliance Department.

### **B. Third-Party Money Managers**

*REVIEWS:* Clients who have these accounts should refer to the independent registered investment advisor's Firm ADV Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment advisor.

### **C. Consulting Services**

*REVIEWS:* While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services

clients unless otherwise mutually agreed to by executed service agreement. Such reviews will be conducted by the client's investment advisor representative.

#### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

FMBWM may pay client referral fee compensation to approved Solicitors according to the specific terms of each individually executed Solicitor Agreement for client referrals.

#### **ITEM 15 - CUSTODY**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. Please note that regulators have deemed the authorization to trade in client accounts to not be custody. However, we are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

TD Ameritrade Institutional and Charles Schwab Institutional act as the qualified custodians for FMBWM's client assets. TD Ameritrade and Charles Schwab provide clients with monthly account statements and confirmations for each transaction. Clients are encouraged to review and compare the account information in the performance reports and additional IAR reports to the custodial statements.

#### **ITEM 16 - INVESTMENT DISCRETION**

IARs have the authority to manage investments on a discretionary basis as set forth in the

advisory agreement. FMBWM and its IARs do not have the authority to withdraw funds or take custody of client funds or securities under any circumstance.

Clients may grant IAR discretionary authority to determine the securities and/or amount of securities to be bought or sold as set forth in the account agreement.

## **ITEM 17 – VOTING CLIENT SECURITIES**

As a matter of firm policy, FMBWM and its IARs do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Clients retain the right and responsibility to vote all proxies solicited for securities held in their account. FMBWM and its IARs are precluded from voting proxies on behalf of a client, and do not offer any consulting assistance regarding proxy issues to clients.

## **ITEM 18 – FINANCIAL INFORMATION**

Investment Advisors are required to provide certain financial information or disclosures about their financial condition. FMBWM has no financial circumstances to report, and has no financial commitment that would impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy petition or proceeding at any time.

Under no circumstances do we require or solicit payment of fees in excess of \$600 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

## **ITEM 19 – PRIVACY POLICY**

Your relationship with FMBWM is based on trust and confidence. To fulfill its responsibilities to you, FMB requires that you provide current and accurate financial and personal information. You deserve to expect that FMBWM will protect the information you have provided in a manner that is safe, secure and professional. FMBWM and its employees are committed to protecting your privacy and to safeguarding that information.

## **SAFEGUARDING CUSTOMER DOCUMENTS**

We collect non-public customer data in checklists, forms, in written notations, and in documentation provided to us by our customers for evaluation, registration, licensing or related consulting services. We also create internal lists of such data.

During regular business hours access to customer records is monitored so that only those with approved entitlements may access the files. During hours in which the company is not in operation, the customer records will be secured.

No individual who is not so authorized shall obtain or seek to obtain personal and financial customer information. No individual with authorization to access personal and financial customer information shall share that information in any manner without the specific consent of a firm principal. Failure to observe FMBWM procedures regarding customer and consumer privacy will result in disciplinary action and may include termination.

## **SHARING NON-PUBLIC PERSONAL AND FINANCIAL INFORMATION**

FMBWM is committed to the protection and privacy of its customers' and consumers' personal and financial information. FMBWM will not share such information with any affiliated or non-affiliated third party except:

- When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;
- When required to maintain or service a customer account;
- To resolve customer disputes or inquiries;
- With persons acting in a fiduciary or representative capacity on behalf of the customer;
- With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm;
- In connection with a sale or merger of FMB Wealth Management's business;
- To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
- To comply with federal, state or local laws, rules and other applicable legal requirements;
- In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
- In any circumstances with the customer's instruction or consent; or
- Pursuant to any other exceptions enumerated in the California Information Privacy Act.

## **OPT-OUT PROVISIONS**

It is not a policy of FMB Wealth Management to share non-public personal and financial information with affiliated or unaffiliated third parties except under the circumstances noted above. Since sharing under the circumstances noted above is necessary to service customer accounts or is mandated by law, there are no allowances made for clients to “opt out”.

If you decide to close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice. We reserve the right to change this policy at any time and you will be notified if any changes do occur.

If you have any questions after reading this Privacy Policy, please contact us by writing to:

**FMB Wealth Management**

Attention: Privacy Officer  
2659 Townsgate Road #246  
Westlake Village, CA 91361