

# Disclosure Brochure

October 4, 2024

## **Lava Wealth Management LLC**

*a Registered Investment Adviser*

This brochure provides information about the qualifications and business practices of Lava Wealth Management LLC (hereinafter “Lava Wealth Management”, “Registrant”, or “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply any level of skill or training.

**Lava Wealth Management LLC, a Registered Investment Adviser**

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## **Item 2      Material Changes**

Registrant has applied for registration with the U.S. Securities and Exchange Commission since its last annual amendment in March 2024.

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## Item 4 Advisory Business

Lava Wealth Management LLC offers a variety of advisory services, but primarily specializes in investment management services. Lava Wealth Management LLC (the “Registrant” or “Lava Wealth Management”) is a limited liability company formed in the state of New York in February 2013. The Registrant is seeking registration with the U.S. Securities and Exchange Commission as of July 2024. Prior to the rendering of advisory services, clients may be required to enter into one or more written agreements with Lava Wealth Management setting forth the relevant terms and conditions of the advisory relationship (the “Agreement”).

Lava Wealth Management is wholly owned by Richard A. Newman.

While this brochure generally describes the business of Lava Wealth Management, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees, or any other person who provides investment advice on the Registrants’ behalf and is subject to the Firm’s supervision or control.

### Consulting Services

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Lava Wealth Management may offer clients a range of consulting services, which may include any or all of the following functions:

- Retirement Planning
- Tax Liability Analysis
- Risk Management
- Investment Consulting

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (as described below). In performing these services, Lava Wealth Management is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

Lava Wealth Management may recommend the services of itself, its *Supervised Persons* in their individual capacities, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Lava Wealth Management to provide additional fee-based services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Lava Wealth Management under a consulting engagement or to engage the services of any such recommended professionals, including Lava Wealth Management itself. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or

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revising Lava Wealth Management's previous recommendations and/or services.

## **Investment Management and Wealth Management Services**

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Lava Wealth Management manages client investment portfolios on a discretionary basis. In addition, Lava Wealth Management may provide clients with wealth management services which may include a broad range of comprehensive consulting services as well as discretionary management of investment portfolios. Typically, these services are provided for a fee based on the assets under management (as described more fully in Item 5).

Lava Wealth Management primarily allocates client assets among various individual debt and equity securities (domestic and international), Master Limited Partnerships ("MLPs"), mutual funds, closed end funds, real estate investment trusts ("REITs"), and exchange-traded funds ("ETFs"). Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, the Registrant will recommend that the client allocate investment assets consistent with the designated investment objectives. In addition, Lava Wealth Management may also, from time to time, recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity, and/or interests in pooled investment vehicles (e.g., private equity investments). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Clients may also engage Lava Wealth Management to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Lava Wealth Management directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Lava Wealth Management tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. Lava Wealth Management consults with clients initially and then on an ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Lava Wealth Management if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Lava Wealth Management determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

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**Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Therefore, a prospective client can obtain many of the funds that may be utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services. In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Cash Positions.** Registrant continues to treat cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund.

**Cash Sweep Accounts.** Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion Registrant shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless Registrant reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

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The above does not apply to the cash component maintained within a Registrant actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager and cash balances maintained for fee billing purposes.

The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any Registrant unmanaged accounts.

**Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn new (or increase its current) compensation as a result of the rollover. If Registrant provides a recommendation as to whether a client should engage in a rollover or not, Registrant is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

**Cybersecurity Risk.** The information technology systems and networks that Registrant and its third-party service providers use to provide services to Registrant's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Registrant's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Registrant are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Registrant has established procedures to reduce the risk of cybersecurity incidents, there is no guarantee

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that these efforts will always be successful, especially considering that Registrant does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Unaffiliated Private Investment Funds.** Registrant also provides investment advice regarding private investment funds. Registrant, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds, the description of which (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the fund's offering documents. Registrant's role relative to unaffiliated private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an unaffiliated private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's fee shall be in addition to the fund's fees. Registrant's clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. **Please Also Note:** As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, Registrant shall calculate its fee based upon the latest value provided by the fund sponsor.

**Disclosure Statement.** A copy of the Registrant's written Brochure and Client Relationship Summary, as set forth on Part 2 of Form ADV and Form CRS respectively, shall be provided to each client prior to the execution of any advisory agreement.



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## Wrap Program

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Investment advisory services do not include securities brokerage services as the Firm does not serve as the sponsor or manager to a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the firm).

As of 6/30/24 the Firm had \$30,549,939 assets under management.

## Item 5 Fees and Compensation

### Investment Advisory Services

Lava Wealth Management offers its services on a fee basis, which may include hourly as well as fees based upon assets under management or advisement.

### Consulting Fees

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If engaged to provide standalone consulting services, Lava Wealth Management may charge a negotiable hourly fee. These fees are largely determined by the scope and complexity of the agreed upon services and range from \$200 to \$500 per hour. In the event the *Agreement* is terminated, the Firm will promptly repay any unearned portion of the fees and the client will promptly pay any unpaid but earned fees, as appropriate.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with Lava Wealth Management. Generally, Lava Wealth Management requires one-half of the consulting fees payable upon execution of the *Agreement* and the balance due once the services are rendered to completion, not to exceed six months. If the client engages Lava Wealth Management for additional investment advisory services, Lava Wealth Management may offset a portion of its fees for those services based upon the amount paid for the consulting services.

### Investment Management and Wealth Management Fees

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The Registrant provides discretionary investment advisory services on a *fee* basis. The Registrant's annual investment advisory fee is based upon a percentage (%) of the market value of the client's assets placed under the Registrant's management. The Registrant's fee shall generally be between 1.00% and 1.25% of the client's assets under management based on the following fee schedule:

| PORTFOLIO VALUE   | ANNUAL FEE |
|-------------------|------------|
| up to \$2,000,000 | 1.25%      |
| above \$2,000,000 | 1.00%      |

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The annual fee is prorated and charged semi-annually in advance, based upon the market value of the assets being managed by Lava Wealth Management on the last day of the previous billing period.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted or prorated to reflect the change in portfolio value. For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of termination and the unearned portion is refunded. Any account that has a combined total of more than \$50,000 in cash and money market funds on hand at the inception of a billing period will only have 50% of such cash and money market funds taken into consideration in the calculation of the fees. Agreements between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Agreement.

Historically, Lava Wealth Management has sent clients an itemized summary detailing the advisory fees assessed as well as an invoice for direct payment of those fees. Recently, however, several clients raised the prospect, for both convenience and financial reasons, of having their management fees, deducted directly from their accounts. In those cases, fees may be directly deducted from the retirement account. Regardless of how the fees are paid, every client still receives an invoice detailing the fees owed.

## **Fee Discretion**

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Lava Wealth Management, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, oversight of sub-managed retirement plans, and *pro bono* activities. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

## **Additional Fees and Expenses**

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As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant shall generally recommend that Charles Schwab & Co. Inc. ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including Schwab, generally (with the potential

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exception for large orders) do not currently charge fees on individual equity transactions (including ETFs), others do.

There can be no assurance that Schwab will not change their transaction fee pricing in the future.

Schwab may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically.

Clients will incur, in addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). Clients engaging *Independent Managers* will incur additional investment advisory fees.

## **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Lava Wealth Management, subject to the usual and customary securities settlement procedures. However, Lava Wealth Management designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Lava Wealth Management may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge), and/or income tax ramifications.

Lava Wealth Management, by concentrating its activities through a limited number of intermediaries and mostly effecting trades online, will always seek to reduce these expenses. In any case, Lava Wealth Management's expectation is that these additional fees and expenses will be minimal and will have a very limited impact on overall performance.

Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

## **Item 6 Performance-Based Fees and Side-by-Side Management**

Lava Wealth Management does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7 Types of Clients**

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Lava Wealth Management may provide its services to individuals, trusts, estates, charitable organizations, corporations, and other business entities.

## **No Minimum Account Requirements**

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Lava Wealth Management does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

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

### **Methods of Analysis**

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Lava Wealth Management utilizes largely fundamental and strategic methods of analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular company or fund. For Lava Wealth Management, this process typically involves an analysis of a company's management team, industry, financial strength, projected growth, and future prospects as well as its relative valuation. Nonetheless, one of the principal risks in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the investment.

Strategic analysis involves the examination of the fundamental analysis, described above, along with industry analysis and overall economic analysis, taken together and mapped on top of the financial needs and goals of the client. A substantial risk in relying upon strategic analysis is that identifying these opportunities may not help to predict an increase in value of the underlying securities; likewise, identifying weaknesses may not help to predict a decrease in value. There is no guarantee that Lava Wealth Management will be able to accurately predict such occurrences. For that reason, the Firm prioritizes fostering a deep understanding of client goals so Lava Wealth Management can manage the hoped for outcomes as well as the unexpected ones effectively to provide for the best outcomes with regard to the client's needs and goals.

### **Investment Strategy and Philosophy**

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Lava Wealth Management is a client-centric investment advisor. Before the Firm would commit client assets to any securities, the managers expect to have a well-developed view of the clients' financial needs and goals, constructed from discussions with the clients themselves.

Once a clear understanding of the clients' objectives has been ascertained, Lava Wealth Management investment adviser representatives will use a combination of securities to achieve these ends. Lava Wealth

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Management's overall bias is a conservative one such that the Firm seeks to create competitive risk-adjusted returns for its clients while attempting to limit the overall portfolio risk. Lava Wealth Management will allocate client assets to create a diversified portfolio that may include large cap 'blue chip' stocks, mid-cap stocks, small cap stocks, dividend paying investments, preferred shares, master limited partnerships, foreign equities, and fixed income securities. Given the right opportunities and taking into consideration a client's risk tolerance, Lava Wealth Management will also use a limited mix of thinly traded or special situation stocks that have unique capital appreciation opportunities and greater growth potential. Regardless, in all cases, a Lava Wealth Management conservative bias will remain in pursuing long-term capital gains rather than short-term trading profits. Finally, the firm makes every effort to minimize its clients tax liabilities, believing firmly in the adage 'It is not what you make, but what you keep, that matters.'

## **Risks of Loss**

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### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

### *Market Risks*

The profitability of a significant portion of Lava Wealth Management's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Lava Wealth Management will be able to predict those price movements accurately. Additionally, even though Lava Wealth Management will endeavor to create a diversified portfolio of investments for each client, in recent years the interrelatedness of financial forces throughout the world has meant that to a much greater extent than previously, the price movements of most securities are more correlated such that the diversification we achieve may not be as effective at dampening volatility as previously was the case.

### *Inflation Risk:*

When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

### *Reinvestment Risk:*

This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

### *Liquidity Risk:*

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Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

## *Financial Risk:*

Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## *Interest-rate Risk:*

Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

## *Master Limited Partnerships*

MLPs are collective investment vehicles, partnership interests which are publicly traded on national securities exchanges. MLPs invest primarily, though not exclusively, in energy-related companies. MLPs may be subject to the volatility in industries, especially energy markets, and may be affected by changes to supply and demand, regional instability, currency spreads, inflation, and interest rate fluctuations, among other factors. MLPs generally don't pay corporate-level taxes; as such MLP owners (and managers) receive distributions from the MLP, which may be partially, or totally, tax-deferred. However, investors are liable for their *pro rata* share of the partnership taxes, regardless of the types of accounts where the interests are held. Investors will receive a K-1 at year's end that must be accounted for and submitted with tax returns.

## *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

## *Use of Private Collective Investment Vehicles*

From time to time, Lava Wealth Management may suggest that certain clients consider an investment in a privately placed collective investment vehicle such as a private equity fund, a limited partnership, or in a hedge fund. There are many good reasons to contemplate such investments, particularly if Lava Wealth

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Management has determined that it is appropriate in light of the client's risk profile and overall portfolio asset mix. Nonetheless, there may be numerous risks associated with these types of investments; clients should consult each fund's private placement memorandum and other offering documents explaining such risks prior to investing.

Additionally, Lava Wealth Management would expect to have focused discussions with clients who are considering such investments to make sure that all the potential risks and rewards are understood and have been fully contemplated.

## **Item 9      Disciplinary Information**

Lava Wealth Management has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

### **Atlantis Associates, Inc.**

Mr. Newman serves as the President of Atlantis Associates, Inc., a firm that provides consulting services to small businesses and reviews all investments that Mr. Newman and his family make in non-public securities including start-up companies and real estate projects. The Firm does not refer clients to Atlantis Associates, Inc. or to any of the companies doing business with Atlantis Associates, Inc. and does not engage in any fee or revenue sharing. The Firm mitigates any conflict of interest by not referring any of its clients to, not having any interaction with, nor sharing any revenue with Atlantis Associates, Inc.

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Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

## Item 11 Code of Ethics

Lava Wealth Management has adopted a code of ethics in compliance with applicable securities laws (“*Code of Ethics*”) that sets forth the standards of conduct expected of its *Supervised Persons*. Lava Wealth Management’s *Code of Ethics* contains written policies, as discussed in its Policy and Procedures Manual, reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons* and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of Lava Wealth Management’s personnel (called “*Access Persons*”) to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, Lava Wealth Management *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm’s policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client where there may be a potential for conflict, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements, and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.



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Clients and prospective clients may contact Lava Wealth Management to request a copy of its *Code of Ethics*.

## Item 12 Brokerage Practices

Lava Wealth Management generally recommends that clients utilize the brokerage and clearing services of Schwab Advisor Services™ (“*Schwab*”), or Fidelity Investments (“*Fidelity*”). Factors which Lava Wealth Management considers in recommending *Schwab and Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. *Schwab and Fidelity* may enable Lava Wealth Management to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab and Fidelity* may be higher or lower than those charged by other *Financial Institutions*. At the present time, LWM clients use Schwab as a custodian of their accounts and as the executor of all trades. Most security trades in the accounts are executed without fee or commission.

The commissions paid by Lava Wealth Management's clients comply with the Firm's duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Lava Wealth Management determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and the quality of customer service and responsiveness.

Lava Wealth Management periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Lava Wealth Management in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution* and the Firm will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Lava Wealth Management (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Lava Wealth Management may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Lava Wealth Management

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decides to purchase or sell the same securities for several clients at approximately the same time. Lava Wealth Management may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Lava Wealth Management’s clients differences in prices and commissions, or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Lava Wealth Management’s clients as the advisor deems best and appropriate, taking into account the risk profile of the client, the size of the portfolio and the current holdings. To the extent that Lava Wealth Management determines to aggregate client orders for the purchase or sale of securities, including securities in which Lava Wealth Management’s *Supervised Persons* may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Lava Wealth Management does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Lava Wealth Management may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Software and Support Provided by Financial Institutions**

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Lava Wealth Management may receive from *Schwab and Fidelity*, without cost to Lava Wealth Management, computer software delivering financial and market analysis and related support, which will allow Lava Wealth Management to better monitor client accounts maintained at *Schwab or Fidelity*. Lava Wealth Management may receive support without cost because Lava Wealth Management renders investment management services to clients that maintain assets at *Schwab or Fidelity*. The software and support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related support may benefit Lava Wealth Management, but not its clients directly. In fulfilling its duties to its clients, Lava Wealth Management endeavors at all times to put the interests of its clients first. Clients should be aware that Lava Wealth Management receives benefits in the

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form of services and extensive recordkeeping from a broker-dealer. Lava Wealth Management's receipt of benefits from a broker-dealer creates a conflict of interest since these benefits may influence Lava Wealth Management's choice of broker-dealer over another.

## Item 13 Review of Accounts

### Account Reviews

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For those clients to whom Lava Wealth Management provides investment management services, Lava Wealth Management monitors their portfolios as part of an ongoing process. Regular account reviews are conducted as needed, with a more complete and comprehensive account review to be conducted at least annually. For those clients to whom Lava Wealth Management provides consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by Mr. Newman, the Principal of Lava Wealth Management. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Lava Wealth Management and to keep Lava Wealth Management informed of any changes thereto. The Firm contacts ongoing investment advisory clients regularly to discuss the impact of market events on the client's portfolio and at least annually to discuss and review its services, previous recommendations, and the impact resulting from any changes in the client's financial situation and/or investment objectives. The Registrant may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

### Account Statements

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Clients are provided with transaction confirmation notices and quarterly summary account statements directly from the *Financial Institutions* where their assets are held in custody. These notices and statements may be delivered electronically or in hard copy paper format. Clients are responsible for reviewing all account statements, in whatever form, that they receive from their custodian.

## Item 14 Client Referrals and Other Compensation

As referenced in Item 12 above, the Registrant receives an economic benefit from broker-dealers. The Registrant, without cost (and/or at a discount), receives support services and/or products from broker-dealers.

There is no corresponding commitment made by the Registrant to a broker-dealer or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Registrant's Chief Compliance Officer, Richard A. Newman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any

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corresponding conflict of interest.

Registrant does not compensate any person, other than its representatives, for referrals.

## Item 15 Custody

The Registrant shall have the ability, with the client's written consent, to have its advisory fee debited through the custodian on a biannual basis. Regardless if permission for Registrant to directly debit fees is given, all clients shall receive a biannual fee invoice prior to any fees being debited. Registrant shall never collect fees six or more months in advance. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

The Registrant does not provide clients with periodic account statements or reports. The custodian prepares and delivers account statements and reports to clients.

The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

In addition, certain clients may establish asset transfer authorizations that permit the qualified custodian to rely upon instructions from Registrant to transfer client funds or securities to third parties. To the extent established, these arrangements are disclosed at Item 9 of Part 1 of Form ADV. **At this time, there has been no such establishment of asset transfer authorizations allowing Registrant to transfer client funds or securities to third parties.** However, in accordance with the guidance provided in the SEC's February 21, 2017 *Investment Adviser Association* No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

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## Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## Item 17 Voting Client Securities

The Registrant does not vote client proxies. 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 will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## Item 18 Financial Information

Lava Wealth Management is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.