

# Disclosure Brochure

March 09, 2020

## **Greene Wealth Management, LLC**

*a Registered Investment Adviser*

1301 5<sup>th</sup> Avenue, Suite 3410  
Seattle, WA 98101

(206) 623-2200

[www.greenewealthmgmt.com](http://www.greenewealthmgmt.com)

This brochure provides information about the qualifications and business practices of Greene Wealth Management, LLC (herein after "GWM"). If you have any questions about the contents of this brochure, please contact Eric Brown at (206) 623-2200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Greene Wealth Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Greene Wealth Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This section of the brochure discusses only the material changes that have occurred since GWM's March last annual update on March 13, 2019. The Firm has made no material changes since its annual updating amendment.

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## Item 4. Advisory Business

GWM is an investment adviser providing financial planning, consulting, and investment management services. Prior to engaging GWM to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with GWM setting forth the terms and conditions under which GWM renders its services (collectively the "Agreement"). Neither GWM nor the client may assign the Agreement without the consent of the other party. A transaction that does not result in a change of actual control or management of GWM is not considered an assignment.

GWM has been in business since November 15, 2005. Kirk P. Greene, Jason R. Radabaugh, Christopher B. Downing, and Matthew B. Lowe are the principal owners of GWM. As of December 31, 2019, GWM had \$958,765,430 of assets under management: \$935,826,184 of which was managed on a discretionary basis and \$22,939,246 of which was managed on a non-discretionary basis.

This disclosure brochure describes the business of GWM. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of GWM's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on GWM's behalf and is subject to GWM's supervision or control.

### Financial Planning and Consulting Services

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GWM provides its clients with a broad range of comprehensive financial planning and consulting services (which may include non-investment related matters). These include investment management services to individuals, trusts, businesses, qualified retirement plans, and charitable organizations on a fee for service basis.

In performing its services, GWM is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. GWM will recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if GWM recommends its own services. The client is under no obligation to act upon any of the recommendations made by GWM under a financial planning or consulting engagement or to engage the services of any such recommended professional, including GWM itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of GWM's recommendations. Clients are advised that it remains their responsibility to promptly notify GWM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising GWM's previous recommendations and/or services.

## **Investment Management Services**

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Clients can engage GWM to manage all or a portion of their assets on a discretionary or non-discretionary basis.

GWM primarily allocates clients' investment management assets on a discretionary and/or a non-discretionary basis among Independent Managers (as defined below), mutual funds, exchange traded funds ("ETFs"), individual debt and equity securities, and/or options. GWM also provides advice about any type of investment held in clients' portfolios.

GWM also renders non-discretionary investment management services to clients relative to variable life/annuity products that they own, their individual employer-sponsored retirement plans, and/or other products that are not be held by the client's primary custodian. GWM helps certain clients manage payouts as well as direct or recommend the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

GWM tailors its advisory services to the individual needs of clients. GWM ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify GWM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon GWM's management services.

## **Use of Independent Managers**

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As mentioned above, GWM recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between GWM or the client and the designated Independent Managers. GWM renders services to the client relative to the discretionary selection of Independent Managers. GWM also monitors and reviews the account performance and the client's investment objectives.

When selecting an Independent Manager for a client, GWM reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that GWM considers in recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, GWM's investment advisory fee set forth above.

In addition to GWM's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than GWM. In such instances, GWM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

## Additions and Withdrawals to Accounts

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Clients may make additions to and withdrawals from their account at any time, subject to GWM's right to terminate an account. Clients may withdraw account assets on notice to GWM, subject to the usual and customary securities settlement procedures. However, GWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

## Item 5. Fees and Compensation

GWM offers its services on a fee basis which includes hourly and/or fixed fees as well as fees based upon assets under management.

### Financial Planning and Consulting Fees

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GWM charges a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$1,000 to \$5,000 on a fixed fee basis and/or from \$250 to \$500 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages GWM for additional investment advisory services, GWM may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging GWM to provide financial planning and/or consulting services, the client is required to enter into a written agreement with GWM setting forth the terms and conditions of the engagement. Generally, GWM requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### Investment Management Fee

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In the event the client determines to engage GWM to provide investment management services, GWM does so on a fee basis. GWM charges an annual fee based upon a percentage of the market value of the assets being managed by GWM. GWM's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. However, GWM does not receive any portion of these commissions, fees, and costs. GWM's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets on the last day

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of the previous quarter. The annual fee varies depending upon the market value of the assets under management as follows:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
up to \$999,999	1.00%
\$1,000,000 - \$1,999,999	0.75%
\$2,000,000 - \$2,999,999	0.70%
\$3,000,000 - \$3,999,999	0.65%
\$4,000,000 - \$4,999,999	0.60%
\$5,000,000 - \$5,999,999	0.50%
\$6,000,000 - \$6,999,999	0.45%
\$7,000,000 - \$7,999,999	0.40%
\$8,000,000 - \$8,999,999	0.38%
\$9,000,000 - \$9,999,999	0.35%

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
\$10,000,000 - \$10,999,999	0.32%
\$11,000,000 - \$11,999,999	0.30%
\$12,000,000 - \$12,999,999	0.28%
\$13,000,000 - \$13,999,999	0.26%
\$14,000,000 - \$14,999,999	0.24%
\$15,000,000 - \$16,999,999	0.23%
\$17,000,000 - \$18,999,999	0.22%
\$19,000,000 - 19,999,999	0.21%
Above \$20,000,000	0.20%

GWM, in its sole discretion, may negotiate to waive its stated account minimum or charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

### **Fees Charged by Financial Institutions**

As further discussed in response to Item 12 (below), GWM generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("Schwab") for investment management accounts.

GWM may only implement its investment management recommendations after the client has arranged for and furnished GWM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Schwab, any other broker-dealer recommended by GWM, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

Clients will incur certain charges imposed by the Financial Institutions and other third parties such as fees charged by Independent Managers (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients will incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to GWM's fee.

GWM's Agreement and the separate agreement with any Financial Institutions authorize GWM or Independent Managers to debit the client's account for the amount of GWM's fee and to directly remit that management fee to GWM or the Independent Managers. Any Financial Institutions recommended by GWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GWM.

### **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees shall be calculated on a *pro rata* basis.

The *Agreement* between GWM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. GWM's fees shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that GWM reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. GWM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

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

GWM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7. Types of Clients**

GWM provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### **Minimum Account Size**

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As a condition for starting and maintaining a relationship, GWM generally imposes a minimum portfolio size of \$1,000,000. GWM, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. GWM shall only accept clients with less than the minimum portfolio size if, in the sole opinion of GWM, the smaller portfolio size will not cause a substantial increase of



investment risk beyond the client's identified risk tolerance. GWM may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than GWM. In such instances, GWM may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

#### **Methods of Analysis and Investment Strategies**

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GWM employs a disciplined approach to financial planning and investment management designed to help clients address a wide range of financial issues over long periods of time. GWM helps clients crystallize goals, create thoughtful financial plans, stress-test investment strategies using *Monte Carlo* simulations, implement investment plans, and regularly monitor/review investment plans to determine if any mid-course corrections are appropriate. GWM designs investment portfolios to reflect each client's financial goals, time horizon and risk profile. GWM's investment philosophy is based on the time-tested principals of diversification and professional money management.

In addition to the use of *Independent Managers*, GWM also utilizes a wide range of investment products in constructing asset allocated portfolios that include mutual funds, exchange traded funds, and individual securities based on each client's needs and preferences. GWM uses both actively managed and passive (index-based) products and strategies, to create portfolios with exposure to multiple investment styles. GWM does not believe that past performance is a good indicator of future performance, so portfolios are constructed and products are chosen using forward-looking research-based approaches.

GWM's investment portfolios are global in perspective and diversified across multiple asset classes, investment styles, and Independent Managers. Asset allocated strategies are research-based and seek to maximize returns consistent with client financial goals and risk tolerance. Strategies are viewed as long-term in nature, but reviewed and modified as deemed necessary to reflect ever-changing economic and market conditions. Portfolios are rebalanced periodically to remain consistent with asset allocation targets as markets rise and fall. Tax-sensitive strategies are also employed for taxable accounts in seeking to maximize after-tax returns.

GWM maintains relationships with well-respected organizations that provide economic, capital market, asset allocation, and money manager research. GWM seeks information and input from a variety of resources to provide clients with informed and thoughtful advice in planning for the future. GWM understands that no one can predict the future with precision and that even the most knowledgeable forecasts can be wrong at times; thus, GWM recommends diversification as opposed to making large bets. GWM's strategies are also back-tested over long time periods to examine performance against alternatives and then projected forward based on long term return, risk, and correlation forecasts.

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GWM implements investment strategies using mutual funds, ETFs, Independent Managers, individual stocks and bonds, certificates of deposit, and money market funds. Frequently used options include index funds and ETFs from Vanguard, iShares, State Street and others; actively managed mutual funds and ETFs from firms including Vanguard, PIMCO, Northern Trust, American Funds, Dodge & Cox, and others; and separately managed accounts from firms including Parametric Portfolios, Invesco Managed Accounts, SeaCap; as well as individual stocks, bonds, certificates of deposit, and money market funds. Products are regularly monitored and measured against appropriate benchmarks.

In addition, GWM typically assists clients in creating a written investment policy statement that clearly defines duties, GWM's investment philosophy, asset allocation targets, rebalancing, and communications to guide the investment plan. The investment plan is implemented, monitored, and updated under GWM's discretion, subject to the investment policy statement terms.

GWM is dedicated to a high level of communication with its clients based on the belief that good communication is the foundation of strong relationships. GWM provides frequent written updates discussing the economy, financial markets, and important planning issues. GWM strives to meet with clients quarterly, but not less than once a year, to review and update investment plans. GWM's firm website also provides access to information about a wide range of planning topics along with encrypted/password protected access to planning and investment information. GWM also hosts conference calls and briefings with leading economists and market strategists to provide clients with access to current topics and theories.

GWM provides objective and research-based advice supported with service delivered by a knowledgeable team committed to providing first-class service.

### **Risks**

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#### *Investing in Securities in General*

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

#### *Market Risks*

The profitability of a significant portion of GWM'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 GWM will be able to predict those price movements accurately.

#### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual funds and ETFs are subject to secondary market trading risks. Shares of mutual funds and ETFs will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that a mutual funds' and ETFs' exchange

listing or ability to trade its shares will continue or remain unchanged. Shares of the mutual fund or ETF may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV), which is the price that an investor would buy or sell the mutual fund or ETF at. The per share NAV of a mutual fund or ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the mutual fund's or ETF's holdings. The trading prices of a mutual fund's or ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's ETF's shares trading at a premium or discount to NAV.

### *Use of Independent Managers*

GWM recommends the use of Independent Managers. GWM will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the Independent Managers ability to successfully implement their investment strategy. In addition, GWM does not have the ability to supervise the Independent Managers on a day-to-day basis, if at all.

## **Item 9. Disciplinary Information**

GWM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. GWM does not have any required disclosures to this Item.

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

GWM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. GWM has described such relationships and arrangements below.

### **Receipt of Insurance Commission**

GWM is under common control with GWM Insurance Services, Inc., a licensed insurance agency. Certain of GWM's Supervised Persons, in their individual capacities, are also licensed insurance agents with GWM Insurance Services, Inc., and various insurance companies, and in such capacity, will recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While GWM does not sell such insurance products to its investment advisory clients, GWM does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that GWM recommends the purchase of insurance products where GWM or its Supervised Persons receive insurance commissions or other additional compensation.

## Referrals to National Advisors Trust Company

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The Firm refers certain clients to National Advisors Trust Company ("NatCo") for administrative trust services. The trust company provides a low-cost alternative to traditional trust service providers and provides trust services to clients of investment advisory firms across the United States. NatCo will collect and distribute income, provide recordkeeping, produce required tax reporting, and provide for the administration and disposition of trust assets as directed by the governing trust document. The Firm is not a shareholder of NatCo and does not receive compensation in connection with this arrangement, but the Firm does serve as investment adviser to such trusts as authorized by the Trust governing documents.

## Item 11. Code of Ethics

GWM and persons associated with GWM ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with GWM's policies and procedures.

GWM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Advisers Act, its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by GWM or any of its associated persons. The Code of Ethics also requires that certain of GWM's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in GWM's Code of Ethics, none of GWM's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of GWM's clients.

When GWM is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when GWM is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. 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.

Clients and prospective clients may contact GWM to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

As discussed above, in Item 5, GWM shall generally recommend that clients utilize the brokerage and clearing services of Schwab.

Factors which GWM considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables GWM to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by GWM's clients comply with GWM's duty to obtain "best execution." Clients may pay commissions that are higher or lower than another qualified Financial Institution might charge to effect the same transaction where GWM 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 responsiveness. GWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

GWM 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 GWM 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 GWM 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 GWM (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, GWM may decline a client's request to direct brokerage if, in GWM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless GWM decides to purchase or sell the same securities for several clients at approximately the same time. GWM 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 GWM's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among GWM's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that GWM determines to aggregate client orders for the purchase or sale of securities, including securities

in which GWM's Supervised Persons may invest, GWM shall generally do 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. GWM shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that GWM 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, GWM 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.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist GWM in its investment decision-making process. Such research generally will be used to service all of GWM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because GWM does not have to produce or pay for the products or services.

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

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GWM receives without cost from Schwab administrative support, related systems support, as well as other third party support as further described below (together "Support") which allow GWM to better monitor client accounts maintained at Schwab and otherwise conduct its business. GWM receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits GWM, but not its clients directly. Clients should be aware that GWM's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, GWM endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

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Specifically, GWM receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of GWM by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist GWM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to GWM other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, GWM endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the



benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

### **Item 13. Review of Accounts**

For those clients to whom GWM provides investment management services, GWM monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom GWM provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of GWM’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with GWM and to keep GWM informed of any changes thereto. GWM shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom GWM provides investment advisory services will also receive a report from GWM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from GWM.

Those clients to whom GWM provides financial planning and/or consulting services will receive reports from GWM summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by GWM.

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

In the event a client is introduced to GWM by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from GWM’s investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the client will receive a solicitor’s disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of GWM is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm’s written brochure(s) at the time of the solicitation..

Furthermore, GWM may receive referrals from individuals at the Independent Managers it recommends to clients. GWM does not compensate the Independent Managers or any other party for such referrals, however, a potential conflict of interest exists where GWM recommends or otherwise utilizes those Independent Managers’ services for clients.



## Other Compensation

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The Firm receives economic benefits from CUSTODIAN. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## Item 15. Custody

GWM's Agreement and/or the separate agreement with any Financial Institution may authorize GWM through such Financial Institution to debit the client's account for the amount of GWM's fee and to directly remit that management fee to GWM in accordance with applicable custody rules.

The Financial Institutions recommended by GWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GWM. In addition, as discussed in Item 13, GWM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from GWM.

## Standing Letters of Authorization

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GWM also has custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

## Item 16. Investment Discretion

GWM may be given the authority to exercise discretion on behalf of clients. GWM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. GWM is given this authority through a power-of-attorney included in the agreement between GWM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). GWM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

### Item 17. Voting Client Securities

GWM may vote client securities (proxies) on behalf of its clients. When GWM accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in GWM's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in GWM's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact GWM to request information about how GWM voted proxies for that client's securities or to get a copy of GWM's Proxy Voting Policies and Procedures. A brief summary of GWM's Proxy Voting Policies and Procedures is as follows:

- GWM has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to GWM's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, GWM devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct GWM's vote on a particular solicitation but can revoke GWM's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that GWM maintains with persons having an interest in the outcome of certain votes, GWM takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

### **Item 18. Financial Information**

GWM does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, GWM is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. GWM has no disclosures pursuant to this Item.

## **Greene Wealth Management, LLC**

*a Registered Investment Adviser*

1301 5<sup>th</sup> Avenue, Suite 3410  
Seattle, WA 98101

(206) 623-2200

[www.greenewealthmgmt.com](http://www.greenewealthmgmt.com)

Prepared by:



**MARKET COUNSEL®**  
*The Adviser's Advisor®*