

### Customer Relationship Summary ADV Part 3

#### Item 1: Introduction

June 16, 2020, Chapwood Capital Investment Management, LLC ("CCIM"), SEC Registered Investment Adviser

#### Is an Investment Advisory Account Right for You?

Brokerage and investment advisory services and fees differ. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

You should carefully consider which types of accounts and services are right for you. This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information. There are some suggested questions under Item 5 below.

#### Item 2: Relationship and Services

#### What investment services and advice can you provide me?

We are an investment adviser and provide advisory accounts and services rather than brokerage accounts and services. Please refer to our ADV Part 2A for a more detailed description of our services and fees. Upon engaging us you will pay an on-going asset-based fee based on the value of the investments in your advisory account. Qualified clients invested in the Crystal Capital Funds will also pay an annual performance fee. Financial Service Providers vary in the way they provide planning, advising and brokerage services. You should carefully consider which types of programs and services are right for you; investment adviser or brokerage.

#### Description of Services

We are a boutique investment management firm offering advice on the various types of securities and investment management services. Our minimum account opening balance is \$1MM which may be negotiable. We review all accounts at least monthly. We also conduct quarterly account reviews with each client, either in person or by telephone. Our portfolio management services are provided on a non-discretionary basis. We do not offer advice only with respect to proprietary products.

#### Our Obligations to You

As registered investment advisers, we must abide by laws and regulations and are held to a fiduciary standard. We are required to monitor your

### Customer Relationship Summary ADV Part 3

#### Item 1: Introduction

June 16, 2020, Chapwood Securities, Inc. ("CSI"), FINRA Member Broker Dealer

#### Is A Brokerage Account Right for You?

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.

We are a broker-dealer and provide brokerage accounts and services rather than advisory accounts and services. This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information. There are some suggested questions on page 4.

#### ITEM 2: RELATIONSHIP AND SERVICES

If you open a brokerage account, you will pay us a transaction-based fee, generally referred to as a commission, every time you buy or sell an investment. You may select investments, or we may recommend investments for your account, but the ultimate investment decision as to your investment strategy and the purchase or sale of investments will be yours. We can offer you additional services to assist you in developing and executing your investment strategy and monitoring the performance of your account, but you might pay more. We will deliver account statements to you each quarter in paper or electronically. We offer a limited selection of investments. Other firms could offer a wider range of choices, some of which might have lower costs.

#### ITEM 3: STANDARD OF CONDUCT

#### **Our Obligations to You**

We must abide by certain laws and regulations in our interactions with you. We must act in your best interest and not place our interests ahead of yours when we recommend an investment or an investment strategy involving securities. When we provide any service to you, we must treat you fairly and comply with a number of specific obligations. Unless we agree otherwise, we are not required to monitor your portfolio or investments on an ongoing basis. Our interests can conflict with your interests. When we provide recommendations, we must eliminate these conflicts or tell you about them and, in some cases, reduce them.

portfolio, investment strategy, and investments on an ongoing basis. Our interests can conflict with your interests. We must eliminate these conflicts or tell you about them in a way you can understand so that you can decide whether to agree to them.

### **Item 3: Fees, Costs, Conflicts, and Standard of Conduct**

#### What fees will I pay?

Fees and costs affect the value of your account. Please ask your financial professional to give you personalized information on your fees and costs. Our fees vary based on the type of investment. We charge an asset-based fee for non-discretionary asset management. We will also charge an annual performance fee to qualified clients invested in the Crystal Capital Funds. Our investment adviser representatives are registered with our affiliated broker dealer, Chapwood Securities, Inc. and will receive commissions for the sale of securities and insurance products. Our fees reduce your investable assets and may be deducted from your account if you choose. The more assets you have in the advisory account the more you will pay. This creates an incentive to increase the assets in your account in order to increase our fees. You pay our fee even if we do not trade in your account(s) and if your account does not appreciate in value. Our fees do not vary but are negotiable.

#### Other Fees and Costs

Some investments impose additional fees that will reduce the value of your investments over time such as mutual funds and variable annuities. You could be required to pay fees when certain investments are sold (e.g., deferred sales charges for selling certain share classes of mutual funds). You will also be charged custodial fees by the custodian that holds your account for things like wires, paper statements, overdraft fees, etc. In addition, you will pay transaction-based fees when we buy or sell securities in your account.

#### Additional Information

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

#### Compare with Typical Brokerage Accounts

With a brokerage account with a **broker-dealer** you will pay a **transaction-based fee**, referred to as a commission, when the broker-dealer trades in your account. Brokerage account features: **1)**

### **ITEM 4: SUMMARY OF FEES AND COSTS**

Fees and costs affect the value of your account over time. Please ask your financial professional to give you personalized information on the fees and costs that you will pay. The fee you pay is based on the specific transaction and not the value of your account. With stocks or exchange-traded funds, this fee is usually a separate commission. With other investments, such as bonds, this fee might be part of the price you pay for the investment (called a “mark-up” or “mark down”). With mutual funds, this fee (typically called a “load”) reduces the value of your investment.

Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as “surrender charges” to sell the investment. Our fees vary and are negotiable. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us. We charge you additional fees, such as custodian fees, account maintenance fees, and account inactivity fees. The more transactions in your account, the more fees we charge you. We therefore have an incentive to encourage you to engage in transactions.

### **Item 5: Comparisons to be provided by standalone broker-dealers**

#### **Compare with Typical Advisory Accounts**

You could also open an advisory account with an investment adviser, where you will pay an ongoing asset-based fee that is based on the value of the cash and investments in your advisory account. Features of a typical advisory account include:

- Advisers provide advice on a regular basis. They discuss your investment goals, design with you a strategy to achieve your investment goals, and regularly monitor your account. You can choose an account that allows the adviser to buy and sell investments in your account without asking you in advance (a “discretionary account”) or the adviser may give you advice and you decide what investments to buy and sell (a “non-discretionary account”).
- Advisers are held to a fiduciary standard that covers the entire investment advisory relationship. For example, advisers are required to monitor your portfolio, investment strategy and investments on an ongoing basis. If you were

You may select, or the broker-dealer may recommend, investments, but the ultimate decision will be yours; **2)** A broker-dealer must act in your best interest when it recommends investment /investment strategies. Broker-dealers must treat you fairly and comply with Rules and specific obligations. Unless agreed to otherwise, the broker-dealer is not required to monitor your portfolio or investments on an ongoing basis; **3)** The more trades in your account, the more fees you pay. This incentivizes the broker representative to trade often, and; **4)** You can receive advice in either type of account, but you may prefer paying:

A transaction-based fee from a cost perspective, if you do not trade often or if you plan to buy and hold investments for longer periods of time.	An asset-based fee for continuing advice or want someone to make investment decisions for you, which may cost more than a transaction-based fee.
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**Conflicts of Interest**

Advisers are fiduciaries, and therefore, we are held to a fiduciary standard that covers our entire investment advisory relationship. When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. However, the way we make money creates a conflict. You should understand and ask us about these conflicts. For example, we benefit from the advisory services we provide to you as our financial professionals are paid based on the value of the assets in your account(s).

**Item 4: Disciplinary History**

Do you or your financial professionals have legal or disciplinary history?

Ben Fujihara was suspended by FINRA for thirty (30) days for violating the conditions of an approved outside business. Please visit [investor.gov/CRS](http://investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**ITEM 5 – ADDITIONAL INFORMATION**

We encourage you to seek additional information. Visit [Investor.gov](http://Investor.gov) for a free and simple search tool to research our firm and our financial professionals. To report a problem to the SEC, visit [Investor.gov](http://Investor.gov) or call the SEC’s toll-free investor assistance line at (800) 732-0330. If you have a problem with your investments, account or financial professional, contact us in writing at 4965 Preston Park Boulevard, Suite 100 Plano, TX 75093. For additional information on our investment advisory services, see our Form

to pay an asset-based fee in an advisory account, you would pay the fee periodically even if you do not buy or sell. You may also choose to work with an investment adviser who provides investment advice for an hourly fee or provides a financial plan for a one-time fee.

- For an adviser that charges an asset-based fee, the more assets you have in an advisory account, including cash, the more you will pay the adviser. So, the adviser has an incentive to increase the assets in your account in order to increase its fees. You can receive advice in either type of account, but you may prefer paying:

An asset-based fee if you want continuing advice or want someone to make investment decisions for you, even though it may cost more than a transaction-based fee.	A transaction-based fee from a cost perspective, if you do not trade often or if you plan to buy and hold investments for longer periods of time.
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**Item 6. Conflicts of Interest**

We benefit from our recommendations to you as we earn commissions on the trades executed in your account.

**Item 7. Additional Information**

We encourage you to seek additional information. We have legal and disciplinary events. Visit [Investor.gov](http://Investor.gov) for a free and simple search tool to research our firm and our financial professionals. For additional information about our brokers and services, visit [Investor.gov](http://Investor.gov), [BrokerCheck \(BrokerCheck.Finra.org\)](http://BrokerCheck.Finra.org), our web site ([SampleFirm.com](http://SampleFirm.com)), and your account agreement. To report a problem to the SEC, visit [Investor.gov](http://Investor.gov) or call the SEC’s toll-free investor assistance line at (800) 732-0330. To report a problem to FINRA, <https://www.finra.org/investors/file-complaint>. If you have a problem with your investments, account or financial professional, contact us in writing at (972) 865-2225.

ADV brochure on IAPD at Investor.gov, advisorinfo.sec.gov or on any brochure supplement provided. You may also find our ADV Brochure on our website at <a href="http://www.chapwoodinvestments.com">http://www.chapwoodinvestments.com</a> . You may also call us at (972) 865-2225 for up-to-date information.	
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#### Key Questions to Ask

1. Given my financial situation, why should I choose an advisory account? Why or Why not?
2. Given my financial situation, why should I choose a brokerage account? Why or Why not?
3. Do the math for me. How much would I pay per year for an advisory account? What would make those fees more or less? What services will I receive for those fees? If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?
4. What additional costs should I expect in connection with my account?
5. Tell me how you and your firm make money in connection with my account. Do you or your firm receive any payments from anyone besides me in connection with my investments?
6. What are the most common conflicts of interest in your advisory accounts? Explain how you will address those conflicts when providing services to my account.
7. How will you choose investments to recommend for my account?
8. How often will you monitor my account's performance and offer investment advice?
9. Do you or your firm have a disciplinary history? For what type of conduct?
10. What is your relevant experience, including your licenses, education, and other qualifications? Please explain what the abbreviations in your licenses are and what they mean.
11. Who is the primary contact person for my account? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to?