



# Woodlands Securities Corporation (WSC)

Member FINRA and SIPC

## Woodlands Asset Management, Inc. (WAMI)

### FORM CRS

### Customer Relationship Summary

06/30/2020

### *Which Type of Account is Right for You - Brokerage, Advisory, or Both?*

**1. Introduction.** *Because there are different ways you can get help with your investments, you should carefully consider which type or types of accounts and services are right for you. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS).*

**Depending on your needs and investment objectives, we can provide you with services in a brokerage account, investment advisory account, or perhaps both at the same time.** This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information (see suggested questions in each Section).

#### *Broker Dealer Services* WSC – Brokerage Accounts

#### *Investment Advisor Services* WAMI - Advisory Accounts

### **2. What Types of Relationship and Services:** *Our accounts and services fall into two categories*

- **Fees:** 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 and investment).

- **Investment Selection:** You may select investments, or we may recommend investments for your account, but the ultimate decision for your investment strategy and the purchase or sale of investments will be yours.

We offer a wide range of investments. However, other firms could offer a different range of investment choices, some of which might have lower costs.

- **Custodian(s):** We do not hold your account at WSC. Your account will be held at either our clearing firm, Hilltop Securities, Inc. or directly with a mutual fund, insurance company, etc.

You will receive an account statement directly from the respective custodian at least quarterly in paper format or electronically.

You may also receive electronic access to a website to be able to view your statements and other account information.

- **Fees:** If you open an advisory account, you will pay us an ongoing **asset-based fee** for our services.

- **Investment Selection:** We offer advice on a regular basis which will include discussing your investment goals, a strategy to achieve those goals, and regularly monitor your account. We will contact you periodically by phone or email, at least annually, to discuss your portfolio. In addition, we hold investment meetings and host conference calls to answer questions.

Investment selection is generally in a **discretionary account**, which allows us to buy and sell investments in your account without asking you in advance. Or in some accounts, or certain investments, we may give you advice and you decide what investments to buy and sell (**non-discretionary account**). Our investment advice will cover a limited selection of investments. Other firms could provide advice on a different range of choices, some of which might have lower costs.

- **Custodian(s):** We do not hold your account at WAMI. Your account will be held at Charles Schwab or for variable annuity accounts, at an insurance company. You will receive an account statement directly from the custodian at least quarterly in paper format or electronically. You may also receive electronic access to a website to be able to view your statements and other account information.

#### **Questions to ask:**

1. *Given my financial situation, should I choose a brokerage service or investment advisory service?*
2. *Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

**3A. Fees and Costs.** *Fees and costs will reduce any amount of money you make on your investments over time. You will pay fees and costs whether you make or lose money on your investments. Please make sure you understand what fees and costs you are paying by asking your Financial Professional.*

From a cost perspective, you may prefer a transaction-based fee account if you do not trade often or if you plan to buy and hold investments for longer periods of time.

- **Transaction-based Fees:** You will pay us a fee every time you buy or sell an investment. This fee, commonly referred to as a commission, is based on the specific transaction and not the value of your account.

The more transactions that occur in your account, the more fees are charged.

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.

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.

- **Additional Fees:** 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. Custodians may charge other fees, such as account maintenance fees, inactivity fees, termination fees, etc.

You may prefer an asset-based fee account if you want continuing advice or want someone to make investment decisions for you, however, it may cost more than a transaction-based fee account.

- **Asset-based Fees:** You will pay an on-going fee at the end of each quarter based on the value of the cash and investments in your advisory account.

The amount paid to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted from your account.

The more assets you have in the advisory account, including cash, the more you will pay us. We therefore, have an incentive to increase the assets in your account in order to increase our fees.

Our fees vary and are negotiable. You pay our fee quarterly, even if nothing is bought or sold. The amount you pay will depend, for example, on the services you receive and the amount of assets in your account. If your account was introduced to us by one of our Advisor Agents, they will receive a portion of the annual fee we receive.

- **Additional Fees:** 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.

Custodians may charge a transaction fee when we buy or sell an investment for you. In addition, custodians may charge other fees, such as account maintenance fees, inactivity fees, termination fees, etc.

***Questions to ask:***

1. *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs and how much will be invested for me?*
2. *What would make those fees more or less? What services will I receive for those fees?*
3. *What additional costs should I expect in connection with my account?*

**3B. Our Obligations to You.** *We must abide by certain laws and regulations in our interactions with you.*

- **Best Interest:** 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 specific obligations.
- **Monitoring:** Unless we agree otherwise, we are not required to monitor your portfolio or investments on an ongoing basis.
- **Conflict of Interests:** 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. *See further information below.*
- **Fiduciary:** We are held to a fiduciary standard that covers our entire investment advisory relationship with you.
- **Monitoring:** Part of the fiduciary standard includes the requirement to monitor your portfolio, investment strategy and investments on an ongoing basis.
- **Conflict of Interests:** 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 or not to agree to them. *See further information below.*

**Questions to ask:**

*How will you choose investments for my account and how often will you monitor its performance and offer advice?*

**3C. Conflicts of Interest.** *We benefit from the services we provide to you.*

- Both WSC and WAMI are owned and controlled by Morris Monroe.
- Morris Monroe is also part owner of a company that is an issuer of an investment that is sold to investors through WSC (some of those investors may also have WAMI accounts) and he earns extra money from the company.
- WSC and Morris Monroe may sponsor private placements (that are sold through WSC) and those investors may also have WAMI accounts. We earn extra money by offering these products.
- Financial professionals (or Agents) of WAMI are also financial professionals (or Agents or Registered Representatives) of WSC and earn compensation from both companies.
- All of our financial professionals are insurance licensed and earn extra fees from selling insurance products.
- Financial professionals and other related persons of both WSC and WAMI may buy and sell some of the same investments as clients.

**Questions to ask:**

1. *How might your conflicts of interest affect me and how will you address them?*
2. *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 connections with my investments?*

**4. Do You Have any Legal and Disciplinary History?**

Yes. Visit [Investor.gov](http://Investor.gov) for a free and simple search tool to research both of our firms and our financial professionals as well as for educational material. For additional information about our brokers and services, visit [Investor.gov](http://Investor.gov) or [BrokerCheck \(BrokerCheck.Finra.org\)](http://BrokerCheck(BrokerCheck.Finra.org)).

**5. Additional Information.** *We encourage you to seek out additional information.*

*Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*

- Your primary contact is your financial professional. All our contacts are representatives of both firms. You may also contact our Operations Department at our main number at **281.367.2483**. They can help with account information and service requests. Additional information can be found in your account agreement, WAMI's Form ADV Brochure (also on [www.investor.gov](http://www.investor.gov)), and on our website, [www.woodlandssecurities.com](http://www.woodlandssecurities.com). If you have a problem with your investments, account, or financial professional, contact us in writing at PO Box 7805, The Woodlands TX 77387, Attn: Compliance.
- 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, visit [www.finra.org](http://www.finra.org) or call their phone number at **(301) 590-6500**.