

September 20, 2022

# Customer Relationship Summary

Brown Associates, Inc.

Form CRS

Brown Associates, Inc. ("Brown") is registered with the Securities and Exchange Commission ("SEC") as a broker-dealer and is also a member of FINRA and SIPC. Brokerage and investment advisory services and fees differ, and it is important for the retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

Garth & Brown Investment Management, LLC ("GBIM") is separately registered as an investment adviser. Brown and GBIM are affiliated through common ownership. Information about advisory services are available through GBIM's Disclosure Brochure (Form ADV, Part 2A). All recommendations regarding your brokerage account will be made in a broker-dealer capacity, and all recommendations regarding your advisory account will be in an advisory capacity. When we make a recommendation to you, we will expressly tell you orally which account we are discussing.

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

We offer discount brokerage to retail investors and separately offer private placements to "accredited investors." We do not provide investment recommendations on exchange traded securities and do not monitor the investments account. Clients may buy and sell equities, ETF's, options and mutual fund, but are responsible for making their own investment decisions. We do not offer all types of securities, but limit investment choices to exchange traded products, mutual funds and private placements. There is no minimum account size for opening discount brokerage account; however, if you don't fund the account within 60 days, the account will be closed. It is your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a financial advisor about whether an advisory services relationship is more appropriate for you.

We also make recommendations associated with private placements for accredited investors. When we make a recommendation, you make the ultimate decision regarding the purchase or sale of investments. Currently the firm offerings are limited to one issuer which can limit available alternative products for potential investors. Brown only makes recommendations that we believe, based upon your client profile, are in your best interest. You may accept or reject any recommendation we make. Private placements generally carry a minimum investment of \$100,000, which may be waived. Specific information about investment minimums can be found in the private placement memorandum (PPM) or other offering documents.

### When considering our services, ask your financial professional:

- Given my financial situation, should I choose a brokerage service? 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?

## What fees will I pay?

We receive direct and indirect compensation in connection with your brokerage accounts. Direct compensation is taken directly from the brokerage account in the form of commissions on transactions. In addition, we receive a portion of the interest charged on margin balances. Commissions and other transaction-fees are charged when a trade occurs. You will be charged more when there are more trades in your account, and we, therefore, have an incentive to encourage you to trade often.

Transaction-based fees are based on a host of factors, including, but not limited to: underlying product selection; your brokerage service model and account type; size of your transaction and/or overall value of your account; frequency of your trade activity; and available discounts and/or fee waivers. Discounts and/or commission waivers are based on different factors, mainly whether the customer is a close friend or family member.

Aside from the fees we charge you for providing investment advice, you may have to pay other fees related to brokerage services, which could be charged directly or indirectly. Direct fees include custodial fees and account maintenance fees

(including IRA fees) charged by the clearing firm; margin interest fees, markups and markdowns; redemption fees; wire fees; transfer fees; etc. Direct fees will be shown on your trade confirmation and/or brokerage account statement. Indirect fees include internal expenses charged by mutual funds and ETF's (including 12b-1 fees and annual fund operating expenses).

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.

Additional information about our fees are available on our Regulatory Best Interest Disclosure Document and in the Customer Agreement or PPM.

**When considering our services, ask your financial professional:**

- 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?

### **What are your legal obligations to me when providing recommendations as my broker-dealer? How else does the firm make money and what conflicts of interest do you have?**

Brown has a conflict of interest through its revenue sharing arrangements with RBC and other product providers, including mutual fund companies. For example, we receive a portion of margin interest charged to clients that use margin and therefore have an incentive to offer margin accounts. We also receive a portion of the revenue earned on money invested in the Bank Sweep Program, therefore, we have an incentive to recommend this sweep over other money market accounts or similar cash accounts.

**When considering our services, ask your financial professional:**

- How might your conflicts of interest affect me, and how will you address them?

Additional information about our conflicts of interest are available on our Regulatory Best Interest Disclosure Brochure and your Customer Agreement.

### **How do your financial professionals make money?**

Registered Representatives earn a portion of the commissions and other transaction fees you pay. As commissions are based on a number of factors, so is the compensation paid to our Registered Representatives. For example, certain products (such as private placements) pay higher commission rates than others. An additional bonus is paid to the Registered Representative if they generate certain levels of commissions. Employee bonuses may also be paid based on the overall profitability of Brown.

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

Yes, visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research us and our financial professionals.

**When considering our services, ask your financial professional:**

- As a financial professional, do you have any disciplinary history? For what type of conduct.

### **Additional Information**

Additional information, including our most recent Relationship Summary, is available in your Customer Agreement; or you can call your Registered Representative at (423) 267-3776 to request up-to-date information and a copy of the Relationship Summary.

**When considering our services, ask your financial professional:**

- Who is my primary contact person?
- Is she or he 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?