

Salem Partners, LLC March 15, 2024
CUSTOMER RELATIONSHIP SUMMARY (Form CRS)

Salem Partners LLC (“SP”) is a broker-dealer with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). SP’s affiliate, Salem Partners Wealth Management (“SPWM”), is an SEC-registered Investment Advisor. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Investment advisory services and fees are explained in detail in SPWM’s Form ADV, Part 2A, Brochure and SPWM’s Form CRS on our website:

https://www.salempartners.com/uploads/5/2/4/6/52466757/3.31.23_spwm_brochure_and_supplement.pdf

https://www.salempartners.com/uploads/5/2/4/6/52466757/form_crs_disclosure_statement_3.31.23.pdf

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

What investment services and advice can you provide me?

SP conducts two types of business: 1) private placements of securities and 2) financial advisory services to companies and others in connection with transactions, including mergers and acquisitions. Regarding private placements of securities, SP may occasionally recommend a private placement to a “retail customer.” There may be a minimum investment for these offerings. All retail customers who are also accredited investors are provided with an Investor Suitability questionnaire, an AML notice, and the offering documents. We do not have customer accounts, so no monitoring or discretionary authority exists. Ultimately, the retail investor decides to participate in the purchase of a private offering.

Questions to Ask: *“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?

When a retail accredited customer invests in a private placement, they do not pay a fee directly to SP. SP makes money on private placements through a transaction fee provided by the company, typically 5% of the gross amount of any debt or equity securities of the offering. In addition, the company reimburses SP monthly for its reasonable out-of-pocket travel and other expenses.

The potential for a conflict of interest may exist because of the relationship between the investment advisory business and the broker-dealer. A conflict of interest is deemed to exist where an employee or principal receives compensation for recommending one investment over another. This compensation may be in the form of non-cash compensation such as warrants or other company or investment ownership. While the potential for conflict does exist because of this compensation arrangement, SPWM addresses this conflict through our internal policies and controls. All investments made by the client are made on a non-discretionary basis, meaning SPWM is not allowed to make these investments on the client’s behalf.

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.

Questions to Ask: *“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? How else does your firm make money, and what conflicts of interest do you have?

When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some examples to help you understand what this means.

SPWM and SP are closely affiliated entities sharing the same physical location and are under common control. SPWM serves as an investment advisory firm, while SP is a broker dealer. Clients of SPWM have the opportunity to express interest in and participate in private securities offerings by SP, subject to meeting strict private investment guidelines.

Key Elements and Conflicts:

No Direct Fee Charged by SPWM:

- While SPWM does not charge a direct fee for private placements, there exists an indirect conflict if SPWM benefits from a positive relationship with SP.

Compensation Structure for SP:

- SP receives compensation from the issuing company based on the total amount raised through private placements. Additionally, non-cash compensation, such as warrants, may be received. This introduces a potential conflict of interest, as SP stands to benefit financially from the success of these offerings.

Client Participating and Disclosure:

- Clients expressing interest in private placements receive transparency through comprehensive disclosure in the offering documents. SP's compensation arrangement is explicitly disclosed, providing clients with essential information about the financial dynamics involved.

Our website explains other financial industry activities and affiliations in SPWM's Form ADV, Part 2A, Brochure, and SPWM's Form CRS.

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Questions to Ask: *“How might your conflicts of interest affect me, and how will you address them?”*

How do your financial professionals make money?

A salary and a discretionary bonus compensate our junior bankers. The discretionary bonus is based on the time, complexity, and expertise required to help you with our services. A salary, recoupable against contingent compensation, compensates our senior bankers. What they earn is not directly based on the firm's total revenue.

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

Yes. We encourage our clients to visit www.investor.gov/crs for a free and simple search tool to research us and our financial professionals.

Questions to Ask:

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

Where can I find Additional Information?

You may find additional information about our brokerage and advisory services on our website, www.salempartners.com.

For additional, up-to-date information or a copy of this Form CRS, please call Goli Kamangar at 310-806-4213 or e-mail gkamangar@salempartners.com.

Questions to Ask:

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