

# 4th River Financial Group, Inc. Client Brochure

*This brochure provides information about the qualifications and business practices of 4th River Financial Group, Inc.. If you have any questions about the contents of this brochure, please contact us at 888-261-8853 or by email at: [4thrfg@4thriverfinancial.com](mailto:4thrfg@4thriverfinancial.com). 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 4th River Financial Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 4th River Financial Group, Inc.'s CRD number is: 149058*

7041 Crider Rd  
Suite B  
Mars, PA 16046  
(888) 261-8853  
[www.4thriverfinancial.com](http://www.4thriverfinancial.com)  
[4thrfg@4thriverfinancial.com](mailto:4thrfg@4thriverfinancial.com)

*Registration does not imply a certain level of skill or training.*

Version Date: 02/05/2019

## **Item 2: Material Changes**

There are no material changes in this brochure from the last annual updating amendment of 4th River Financial Group, Inc. on February 23, 2018. Material changes relate to 4th River Financial Group, Inc. policies, practices or conflicts of interests only.

## Item 3: Table of Contents

Item 2: Material Changes .....	i
Item 3: Table of Contents .....	ii
Item 4: Advisory Business .....	1
A. Description of the Advisory Firm.....	1
B. Types of Advisory Services.....	1
Investment Supervisory Services .....	1
Financial Planning.....	1
Services Limited to Specific Types of Investments .....	1
Subscription Services .....	2
Educational Seminars .....	2
C. Client Tailored Services and Client Imposed Restrictions .....	2
D. Wrap Fee Programs.....	2
E. Amounts Under Management.....	2
Item 5: Fees and Compensation.....	3
A. Fee Schedule.....	3
Investment Supervisory Services Fees.....	3
Financial Planning Fees .....	3
Hourly Fees .....	3
B. Payment of Fees.....	4
Payment of Investment Supervisory Fees .....	4
Payment of Financial Planning Fees .....	4
C. Clients Are Responsible For Third Party Fees .....	4
D. Prepayment of Fees .....	4
E. Outside Compensation For the Sale of Securities to Clients.....	4
Item 6: Performance-Based Fees and Side-By-Side Management .....	4
Item 7: Types of Clients .....	5
Minimum Account Size.....	5
Item 8: Methods of Analysis, Investment Strategies and Risk, of Investment Loss .....	5
A. Methods of Analysis and Investment Strategies .....	5
Charting analysis.....	5
Fundamental analysis .....	5
Technical analysis.....	5
Cyclical analysis .....	5
B. Material Risks Involved .....	5

C. Risks of Specific Securities Utilized .....	6
Item 9: Disciplinary Information .....	6
Item 10: Other Financial Industry Activities and Affiliations .....	6
A. Registration as a Broker/Dealer or Broker/Dealer Representative .....	6
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	6
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests.....	6
D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections .....	6
Item 11: Code of Ethics, Participation in Transactions, Personal Trading.....	7
A. Code of Ethics.....	7
B. Recommendations Involving Material Financial Interests .....	7
C. Investing Personal Money in the Same Securities as Clients.....	7
D. Trading Securities At/ Around the Same Time as Clients' Securities .....	7
Item 12: Brokerage Practices.....	8
A. Factors Used to Select Custodians and/or Broker/Dealers .....	8
1. Research and Other Soft-Dollar Benefits .....	8
2. Brokerage for Client Referrals .....	8
3. Clients Directing Which Broker/Dealer/Custodian to Use .....	8
B. Aggregating (Block) Trading for Multiple Client Accounts .....	8
Item 13: Reviews of Accounts .....	9
A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews.....	9
B. Factors That Will Trigger a Non-Periodic Review of Client Accounts.....	9
C. Content and Frequency of Regular Reports Provided to Clients.....	9
Item 14: Client Referrals and Other Compensation .....	9
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) .....	9
B. Compensation to Non -Advisory Personnel for Client Referrals.....	9
Item 15: Custody.....	10
Item 16: Investment Discretion .....	10
Item 17: Voting Client Securities (Proxy Voting).....	10
Item 18: Financial Information.....	10
A. Balance Sheet .....	10
B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	10
C. Bankruptcy Petitions in Previous Ten Years .....	10
Item 19: REQUIREMENTS FOR STATE REGISTRERED ADVISERS.....	11
A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background .....	11
B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any).....	11
C. How Performance Based Fees are Calculated and Degree of Risk to Clients .....	11
D. Material Disciplinary Disclosures for Management Persons of this Firm .....	11
E. Material Relationships That Management Persons Have With Issuers of Securities (If Any) .....	11

## Item 4: Advisory Business

### A. Description of the Advisory Firm

This firm has been in business since January 1, 2009, and the principal owners are Kristi Lynne Thompson, Craig Alan Thompson, Lynn Mary Johnson and Nathan William Thompson.

### B. Types of Advisory Services

4th River Financial Group, Inc. (hereinafter "RFG") offers the following services to advisory clients:

#### *Investment Supervisory Services*

RFG offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. RFG creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

RFG evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### *Financial Planning*

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

#### *Services Limited to Specific Types of Investments*

RFG limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers, REITs, private placements, insurance products including annuities, government securities. RFG may use other securities as well to help diversify a portfolio when applicable.

### ***Subscription Services***

RFG provides subscription services at no additional cost. These services include a newsletter that will offer recommendations on purchasing and selling specific securities, sectors, asset classes, or other specific groupings of securities at a stated time.

### ***Educational Seminars***

From time to time, RFG will provide educational seminars to clients at no additional cost.

## **C. Client Tailored Services and Client Imposed Restrictions**

RFG offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent RFG from properly servicing the client account, or if the restrictions would require RFG to deviate from its standard suite of services, RFG reserves the right to end the relationship.

## **D. Wrap Fee Programs**

RFG does not participate in any wrap fee programs.

## **E. Amounts Under Management**

RFG has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$0.00	\$ 31,368,083.00	December 2018

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
\$1 - \$2,000,000	1.50%
Above \$2,000,000	0.75%

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Because client fees will be withdrawn directly from client accounts, this advisor must: (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian; (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account; (C) Send the client a written invoice itemizing the fee, including any formulae used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

#### *Financial Planning Fees*

##### *Hourly Fees*

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$150 and \$250. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

## **B. Payment of Fees**

### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears. Advisory fees are invoiced and billed directly to the client with payments due quarterly. Clients may select the method in which they are billed.

### *Payment of Financial Planning Fees*

Hourly Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fee etc.). Those fees are separate and distinct from the fees and expenses charged by RFG. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

RFG collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither RFG nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

RFG does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

RFG generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations or Business Entities

### *Minimum Account Size*

There is no account minimum.

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

### A. Methods of Analysis and Investment Strategies

RFG's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

**Charting analysis** involves the use of patterns in performance charts. RFG uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

RFG uses Long Term Trading and Short Term Trading.

RFG utilizes investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

RFG generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither RFG nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither RFG nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

All 4th River Financial Group, Inc. Investment Advisor Representatives are licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. RFG always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of RFG in their capacity as an insurance agent.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

RFG does not utilize nor select other advisors or third party managers for its clients.

## **Item 11: Code of Ethics, Participation in Transactions, Personal Trading**

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

RFG does not recommend that clients buy or sell any security in which a related person to RFG has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of RFG may buy or sell securities for themselves that they also recommend to clients. RFG will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of RFG may buy or sell securities for themselves at or around the same time as clients. RFG will always act in the best interest of the client.

## Item 12: Brokerage Practices

### A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodian, TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA, was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. RFG will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

#### 1. *Research and Other Soft-Dollar Benefits*

RFG receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions (“soft dollar benefits”).

#### 2. *Brokerage for Client Referrals*

RFG receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### 3. *Clients Directing Which Broker/Dealer/Custodian to Use*

RFG will not allow clients to direct RFG to use a specific broker-dealer to execute transactions. Clients must use the RFG recommended custodian (broker-dealer). Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, RFG may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

### B. Aggregating (Block) Trading for Multiple Client Accounts

RFG maintains the ability to block trade purchases across accounts but does not do so. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by Kristi Thompson and Nathan Thompson. The chief advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at RFG are assigned to these reviewers.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Kristi Thompson and Nathan Thompson. There is only one level of review and that is the total review conducted to create the financial plan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written report detailing the clients account performance, which may come from the custodian.

If requested, Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

RFG does not receive any economic benefit, directly or indirectly from any third party for advice rendered to RFG clients.

### **B. Compensation to Non -Advisory Personnel for Client Referrals**

RFG does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

RFG does not take custody of client accounts at any time. Custody of client's accounts is held primarily at TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA. Clients will receive account statements from the custodian and should carefully review those statements.

## **Item 16: Investment Discretion**

RFG does not have discretion over client accounts at any time.

## **Item 17: Voting Client Securities (Proxy Voting)**

RFG will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

RFG does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither RFG nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Neither RFG nor its management have been the subject of a bankruptcy petition in the last ten years.

## **Item 19: REQUIREMENTS FOR STATE REGISTERED ADVISERS**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

RFG currently has only one management person, Craig Alan Thompson. RFG has four executive officers: President/CEO, Craig Alan Thompson; Vice President/Secretary, Lynn M. Johnson; CCO/CIO, Nathan William Thompson; and Treasurer/CFO, Kristi Lynne Thompson. All of their education and business background can be found on their Supplemental ADV Part 2B forms.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Representatives' other business activities can be found on the Supplemental ADV Part 2B forms.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

RFG does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at RFG has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither RFG, nor its management persons, has any relationship or arrangement with issuers of securities.