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# **The Rikoon Group**

## Investment Advisory Services Brochure

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This Brochure provides information about the qualifications and business practices of The Rikoon Group, "TRG". If you have any questions about the contents of this Brochure, please contact us at the number above. 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.

The Rikoon Group is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about The Rikoon Group also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 – Material Changes**

Since our last update of August 1, 2013 there have been material updates to Item 14 Client Referrals and Other Compensation and Item 15 Custody.

Item 14 has been updated to reflect that The Rikoon Group may refer potential clients to other Investment Advisors if they do not meet the firm minimum assets or if there are other mitigating circumstances. The Rikoon Group provides consulting services to these other Investment Advisors for a fee. As a result of this consulting arrangement, the recommendation that a potential client consider engaging one of these investment advisors presents a conflict of interest. No potential client is obligated to engage an advisor recommended by The Rikoon Group. If a client does engage a recommended advisor, they are under no obligation to follow The Rikoon Group's advice.

Likewise, Item 14 has been updated to reflect that The Rikoon Group may refer clients or potential clients to third party administrators (TPAs) for trust administrative services only. No client or potential client is under any obligation to engage any referred TPA for services. The Rikoon Group does not receive economic benefit for referrals to any TPA, nor for maintaining an ongoing relationship, however, referrals to TPAs may be deemed to have potential conflicts of interest

Item 15 has been updated to disclose that The Rikoon Group is deemed to have custody any time a client has provided the qualified custodian with written, standing authorization to allow TRG to request distributions from their account to a third party. TRG maintains this authorization on select client accounts as a convenience to the client. For accounts in which TRG is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Additionally, clients receive notice from the custodian of any disbursements made from their account to a third party. Clients should carefully review statements and notices of disbursement and are urged to carefully review such statements and compare the official custodial records to the account statements that TRG provides. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

The custody situation arising from authorization to make disbursements to third parties, requires TRG to undergo an annual surprise inspection (irregular from year to year) by an independent public accountant of the funds or securities in those accounts for which we are deemed by the SEC to have custody.

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#### **Item 4 – Advisory Business**

The Rikoon Group, LLC (“The Rikoon Group” or “Advisor”) is registered as an investment advisory firm under the United States Securities and Exchange Commission (“SEC”).

The Rikoon Group is a partially-owned subsidiary of The Edelman Financial Group Inc. (“TEFG”). The Rikoon Group, which was initially known as Rikoon Investment Advisors, Inc., and subsequently known as Rikoon-Carret Investment Advisors and Rikoon-Carret Wealth Management Group, was partially acquired by TEFG (formerly Sanders Morris Harris Group, Inc.) in 2007. Rikoon Investment Advisors, Inc was established in 1987 by Robert A. Rikoon. Following the acquisition by TEFG, the name was changed to The Rikoon Group. The principal owners of The Rikoon Group are Rikoon Investment Advisors, Inc and TEFG.

#### **Discretionary Investment Supervisory Services**

The Rikoon Group provides Investment Supervisory Services which involves ongoing and continuous portfolio management services. These services include providing investment advice and/or making investments for clients based on the individual needs of the client.

Investment decisions and ongoing account supervision are guided by the client’s stated individual needs, goals, objectives, time horizons, risk tolerance and suitability established via a data-gathering and discussion process. The Advisor assumes the information disclosed by clients in this data-gathering and discussion process is complete and accurate. If the client chooses to withhold information, the client must understand that comprehensive investment needs/objectives may not be fully considered.

The Rikoon Group believes that client participation in the investment process is critical. *Clients are advised to promptly notify The Rikoon Group if there are any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restriction upon the Advisor’s management services.*

If an Investment Management Agreement includes related clients (e.g. husband and wife, life partners, etc.), our services will be based upon the joint goals communicated to us by either party. We are permitted to rely upon instructions from either party with respect to disposition of the assets, unless and until such reliance is revoked in writing to us. We are not responsible for any claims or damages resulting from such reliance or from any change in the status of the relationship between the clients.

Clients or The Rikoon Group may terminate the Investment Supervisory services immediately upon receipt of a 30-day written notice.

#### **Non-Discretionary Investment Supervisory Services**

For those clients that require an enhanced and/or specialized level of asset management services, The Rikoon Group may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain other independent investment manager[s] and/or programs (the “*Independent Manager[s]*”), based upon the stated investment objectives of the client. The terms and conditions under which a client engages the *Independent Manager[s]* will generally be set forth in a separate written agreement between the client, The Rikoon Group, and the designated *Independent Manager[s]*.

The Rikoon Group will render non-discretionary investment advisory services to clients relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives, for which we will receive an annual advisory fee based upon a percentage of the market value of the assets being managed by the designated *Independent Manager[s]*. Factors which we consider in recommending *Independent Manager[s]* include a client’s stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

As of 12/31/2013, we were actively managing \$394,682,198 of clients’ assets on a discretionary basis plus \$52,473,908 of clients’ assets on a non-discretionary basis.

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## **Financial Consultation Services**

The Rikoon Group is available to provide Financial Consultation Services on an hourly, project or annual basis. Prior to engaging the Advisor to provide financial consulting services, a client will generally (depending upon the level and/or scope of services to be provided) be required to enter into an Investment Supervisory Agreement setting forth the terms and conditions of the engagement, and describing the scope of the services to be provided.

The Rikoon Group does not consider itself a comprehensive financial planner, but can provide assistance in connection with various components of financial planning as part of these services, if desired. The Advisor may provide Financial Consultations pertaining to such issues as research, investment analysis, portfolio reviews, asset allocation, retirement planning, education funding, risk assessment, goal setting, business and business owner issues, cash flow, or other needs or areas of interest that are identified by the client. All services are tailored to the clients' needs and desires.

The Rikoon Group does not provide tax or legal advice. Clients requiring assistance on issues outside of financial and investment advisory topics should consult their personal tax advisor, legal counsel, or other professionals for expert opinions.

## **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, The Rikoon Group may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither The Rikoon Group, nor any of its representatives, serves as an attorney, accountant, or insurance agent for any client, and no portion of The Rikoon Group's services should be construed as same. To the extent requested by a client, The Rikoon Group may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from The Rikoon Group. Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Client Obligations.** In performing its services, The Rikoon Group shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify The Rikoon Group if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising The Rikoon Group's previous recommendations and/or services.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by The Rikoon Group) will be profitable or equal any specific performance level(s).

**Tradeaway/Prime Broker Fees.** Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (Schwab).

**Unaffiliated Private Investment Funds.** The Rikoon Group may also provide investment advice regarding unaffiliated private investment vehicles. The Rikoon Group, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment. The Rikoon Group's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of The Rikoon Group's investment advisory fee. The Rikoon Group's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please note that private investments generally involve various risk factors, including, but not limited to, potential for loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each

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vehicle's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investments do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

In the event that The Rikoon Group references private investments owned by the client on any supplemental account reports prepared by The Rikoon Group, the value(s) for all such private investments shall reflect the most recent valuation provided by the private investment sponsor. If the sponsor does not provide valuation post-purchase, then the valuation shall reflect the initial investment amount (cost basis) adjusted for any return of principal. As the valuation generally reflects cost basis (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than original purchase price. The client's advisory fee for these projects shall be based upon a flat fee relative to principal invested.

## **Item 5 – Fees and Compensation**

### **Discretionary Investment Supervisory Services Fees**

The fees for Investment Supervisory Services are based upon a percentage of the assets under management. The Advisor's fee scale is outlined below:

#### **Assets Under Management** for marketable securities

First \$1 million Account value	1.25% per annum
Next \$4 million Account value	1.00% per annum
Next \$5 million Account value	0.75% per annum
Account value over \$10,000,000	0.50% per annum

Investments with limited liquidity and valuation (as described above in Unaffiliated Private Investments) will be billed annually in the 4<sup>th</sup> quarter at a flat rate of \$75 per \$10,000 of capital invested, with a minimum fee of \$75. Investments that distribute principal in the calendar year, will be charged based upon the remaining capital invested on 9/30 of each year rounded down to the nearest \$75 increment.

The Advisor's fee is agreed to at the time of engagement. Fees may be modified at the Advisor's discretion, based on unusual circumstances, pre-existing relationships, or complex matters. The Advisor's fee may also be dependent upon the amount and nature of assets to be managed, required services, complexities, or other factors. The Rikoon Group reserves the right to provide pro bono services for some charitable organizations, family members, or for persons with special needs.

Clients will be invoiced after services are rendered, at the beginning of each calendar quarter, based upon the portfolio's market value as determined by the client's custodial firm on the last trading day of the preceding quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination, any earned, unpaid fees will be due and payable immediately.

Payment of Investment Supervisory fees may be made directly by the client within 10 days of the invoice or payment of fees may be made through direct debit of the client's account by the qualified custodian holding the client's funds and securities.

The fees noted herein represent fees for advisory services only. Clients may pay transaction fees and brokerage commission to their broker/dealer as well as any fees associated with their particular accounts (e.g., account opening, maintenance, transfer, termination, cash wire transfer, retirement plan, trust fees, and any applicable third party fees). Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the Advisor's fee, and the Advisor shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that the advisor considers in selecting or recommending broker/dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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### **Non-Discretionary Investment Supervisory Services Fees**

The investment management fees charged by the designated outside *Independent Manager[s]*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are generally exclusive of, and in addition to, The Rikoon Group's ongoing investment advisory fee. The Rikoon Group modifies its supervisory fee scale for monitoring of *Independent Manager[s]* to an average of 0.5% of assets held with the *Independent Manager[s]*.

### **Financial Consultation Fees**

The Advisor's fees for Financial Consulting are charged on an hourly or fixed fee basis. Financial Consulting fees are determined at engagement, based on the nature and complexity of services, the client's particular circumstances or other factors, at the Advisor's discretion. Fees generally range from \$100.00 to \$400.00 on an hourly basis. The Advisor may request a retainer equal to ½ the estimated total project fee in order to schedule the project. In such cases, the balance of the project fee is due upon the conclusion of services. Should additional services be desired or where the client's circumstances have changed materially prior to the conclusion of services, additional fees may apply. However, the Advisor will obtain approval from the client prior to engaging in additional time and effort that will result in additional fees. If services are terminated before completion, any earned, unpaid fees will be due and payable immediately. Any pre-paid, unearned fees will be refunded promptly.

### **ERISA Accounts**

The Rikoon Group is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, The Rikoon Group may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commission or 12b-1 fees.

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

The Rikoon Group does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

The Rikoon Group provides portfolio management services to families, individuals, trusts, charitable organizations, corporate pension and profit-sharing plans, and small businesses.

The Rikoon Group requests a minimum relationship size of \$3,000,000 for clients interested in receiving Investment Supervisory Services. The Advisor reserves the right to waive the minimum conditions for pre-existing relationships, family members, where special circumstances exist, where the minimum can be reached within a reasonable time frame, or other considerations at the discretion of the Advisor. The Advisor reserves the right to decline to provide services to any person or firm for any reason. Independent Managers utilized by clients may have program minimums pursuant to their disclosure documents.

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

The Rikoon Group provides customized portfolio management services to meet the unique needs, situations and goals of clients. Each portfolio is individually designed and managed to meet the client's objectives. Our typical portfolio combines growth and income investments to create a well diversified allocation. We take an active approach to investing, adjusting our strategy on a firm level, as well as, in individual portfolios as market conditions change. Investing in securities of any kind involves risk of loss that clients should be prepared to bear. An Advisory Representative discusses the risks of investing with each client and together they develop an investment strategy based upon the client's risk tolerances and objectives before any investing takes place. The investment strategy is reviewed and updated as needed based upon changes in the client's goals and/or risk tolerance.

The growth portion of client portfolios includes stocks from varied market segments. The positions represent both large and small companies and include most of the world's geographic regions. For the large cap, developed equity area, The Rikoon Group generally invests in individual company stocks. When researching individual stocks we take a



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bottom up approach, looking at the underlying financial status of the company and the prospects for the goods or services the company provides, while also taking into consideration economic factors. For less developed areas of the world or specialized sectors The Rikoon Group uses exchange traded or mutual funds. Funds allow portfolios to be invested in higher return, higher risk areas with more diversification than individual stock positions would carry because of the fund's larger number of holdings. When researching mutual funds, we look for low expense ratios, positive long term performance in relation to comparable funds, and stable manager tenure. With all equity positions, there is risk of loss.

The income portion of client portfolios is designed to produce cash flow through the use of bond ladders in combination with dividend paying stocks and high yield bond mutual funds. With all bonds there is risk of inflation and default. To mitigate the effect of inflation we maintain a short average duration in our bond portfolios. To reduce the risk of default when buying individual bond issues we only buy investment grade bonds. For municipal bonds we focus on buying general obligation and essential service revenue bonds as they have more secured revenue sources for repayment of interest and principal. For corporate bonds we look for companies with a financial position that more than adequately covers their debt obligations and a positive outlook for continuing stable revenues.

For clients who can tolerate more risk in the income portion of their portfolio, we invest in dividend paying stocks and mutual funds that invest in non-investment grade or international bonds. These options allow us to achieve greater cash flow than investing in investment grade bonds alone, but carry more risk. When researching dividend paying stocks, we look for financially stable companies with a strong product or service line, low price volatility and historical dividend growth. Dividend paying stocks may lose value due to price declines and dividends are not guaranteed. Investing in non-investment grade or international bonds carries a greater risk of default than investing in investment grade bonds, however by using mutual funds to invest in these areas the impact of a single issuer's default is greatly reduced. When researching mutual funds we look for low expense ratios, positive long term performance in relation to comparable funds, and stable manager tenure.

When appropriate, we suggest alternative investments to further diversify portfolios. This may include asset classes such as: real estate, private equity, oil and gas, metals, minerals and other natural resources, collectibles, and private loans. The risk of investing in alternatives tends to be higher than traditional investment vehicles due to lack of liquidity, limited secondary market, higher maintenance/storage costs, as well as market conditions unique to these investments. As applicable, a complete discussion of the risks is set forth in each alternative investment's offering documents, which will be provided to the prospective client for review, acknowledgement and acceptance before investing in such investment.

#### **Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that are material to a client or prospective client's evaluation of our advisory business or the integrity of our management.

The Rikoon Group and our management personnel have no reportable disciplinary events to disclose.

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

The Edelman Financial Group, Inc., a company which has multiple financial affiliations that include a broker/dealer, registered investment advisory firms, insurance company and other investment-related businesses retains a majority ownership position of The Rikoon Group. However, this relationship does not impact the investment advisory services provided by The Rikoon Group in that the Advisor maintains its independence with regard to investment style, operations, personnel and all other areas relevant to client service and portfolio management.

Certain investment instruments available through The Edelman Financial Group, Inc. and its affiliates may be recommended to clients. The Rikoon Group receives no additional revenues from recommending or investing in these instruments.



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## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Rikoon Group has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at The Rikoon Group must acknowledge the terms of the Code of Ethics annually, or as amended. Annually each employee must certify that he/she has complied with the Code of Ethics during that year. Employees are required to report any violations of the Code of Ethics promptly to Robert A. Rikoon, CEO and CCO.

The Rikoon Group's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Robert A. Rikoon at [rob.rikoon@rikoongroup.com](mailto:rob.rikoon@rikoongroup.com).

Occasionally, investment objectives of clients are similar to that of the Advisory Representatives of the Advisor, and this may lead to personal investments made in the same investments as clients. The Rikoon Group's Advisory Representatives and associated persons are required to follow The Rikoon Group's Code of Ethics. Subject to satisfying this policy and applicable laws, Advisory Representatives of The Rikoon Group may trade for their own accounts in securities which are recommended to and/or purchased for the Advisor's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of The Rikoon Group will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between The Rikoon Group and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with The Rikoon Group's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. The Rikoon Group will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

There may exist rare occasions when The Rikoon Group will sell a particular security for one of our clients (for example, because the client needs to raise cash or is changing investment priorities) at the same time that we buy the same security for another client. By identifying a particular security and instructing a broker to sell from one account and purchase in the other, The Rikoon Group is effecting what is known as an agency "cross-trade."

Cross-trading can provide significant tangible benefits to advisory clients, in the form of savings of commissions and other transaction costs. However, issues can complicate certain cross-trades, such as when the Adviser might enter into a cross-trade transaction that is in the interests of the client on one side but not necessarily in the interests of the other side. This is because it could be difficult for a single Adviser to represent both clients equally, depending upon the facts and circumstances. In such cases, if clients participating in such trades still desire the anticipated outcome, the Adviser must provide disclosure relating to the conflicts of interest in connection with the transaction. Full disclosure is required so that each client is fully informed (especially to the one that might be disadvantaged, if applicable). As a fiduciary, the Adviser must avoid conflicts of interest with clients, or where conflicts might be unavoidable the client receives full and complete disclosure so they can make informed decisions about services received.

The Rikoon Group only rarely engages in cross-trades and only when both sides of the transaction receive the desired outcome. These transactions in no way affect the compensation paid to the Adviser and a third party service provider is utilized (Charles Schwab & Co., the clients' custodial firm) except in the case of private, illiquid securities (rarely undertaken). Further, The Rikoon Group does not participate in cross-trades on a principal basis because of the conflict of interest that exists in these transactions. This means that The Rikoon Group and its related persons will never have a personal interest in any security that is the subject of a cross-trade.

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## **Item 12 – Brokerage Practices**

The Advisor may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any other particular client. It is The Rikoon Group's policy to allocate investment opportunities over a period of time on a fair and equitable basis relative to other clients. The Rikoon Group is not obligated to acquire for any account any security that The Rikoon Group has acquired for other clients or employees' personal accounts if it is not practical or desirable to acquire a position in such security for that account.

### **Directed Brokerage**

In the event that the client requests that the Firm recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct The Rikoon Group to use a specific broker-dealer/custodian), the Rikoon Group generally recommends that investment management accounts be maintained at Charles Schwab & Co., Inc. ("Schwab"). Prior to engaging The Rikoon Group to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with The Rikoon Group setting forth the terms and conditions under which the Firm shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that The Rikoon Group considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with The Rikoon Group, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by The Rikoon Group's clients shall comply with the Rikoon Group's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where The Rikoon Group determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although The Rikoon Group will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, the Firm's investment management fee.

The Advisory Representatives of The Rikoon Group are not Registered Representatives of any broker-dealer firms and do not receive any commissions or fees from recommending any products or services.

Clients are welcome to utilize the broker-dealer of their choice, and in such cases, will direct the Advisor to use a particular firm, via written direction and subject to the Advisor's right to decline and/or terminate the engagement. The client will be responsible for negotiating terms and arrangements for the account with that broker-dealer, and The Rikoon Group will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by the Advisor. As a result, the client may pay higher commissions, other transaction costs, greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case. The Advisor cannot guarantee best execution of transactions in these cases due to limitations imposed by the client's service provider either on the Advisor or in connection with transactions. Clients will need to ensure the Advisor receives copies of account statements from their preferred service provider(s).

### **Referral Relationships**

The Rikoon Group pays Charles Schwab & Co. a participation fee on some past referred clients' accounts that are maintained in custody at Schwab. The participation fee paid by the Advisor is a percentage of the fees that the client owes to the Advisor or a percentage of the value of the assets in the client's account. The Advisor pays Schwab the participation fee for so long as the referred client's account remains in custody at Schwab. The participation fee is billed to the Advisor quarterly and may be increased, decreased or waived by Schwab from time to time. The Advisor (not the client) pays the participation fee. The Rikoon Group has agreed not to charge clients referred through Schwab service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Schwab service.

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The participation fee is based on assets in accounts of the Advisor's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit the Advisor's fees directly from the accounts.

The Rikoon Group no longer participates in the Schwab referral program and does not receive any new referral relationships from Schwab.

### **Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, The Rikoon Group may receive from Schwab (or another broker-dealer/custodian, platform or product sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist The Rikoon Group to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by The Rikoon Group may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by The Rikoon Group in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist The Rikoon Group in managing and administering client accounts. Others do not directly provide such assistance, but rather assist The Rikoon Group to manage and further develop its business enterprise.

The Rikoon Group's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by The Rikoon Group to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

The Rikoon Group's Chief Compliance Officer, Robert A. Rikoon, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

### **Soft Dollar Benefits**

The Rikoon Group does not receive soft-dollar benefits.

## **Item 13 – Review of Accounts**

**Investment Supervisory Services** involve ongoing monitoring of clients' managed portfolios. Internal reviews are conducted by Advisory Representatives and occur no less than quarterly. Reviews may occur more frequently depending upon individual circumstances and the nature and/or complexity of the portfolio. Internal reviews may also occur as a result of market conditions, at the time of significant deposits or withdrawals, or as otherwise determined by the Advisor. The Advisor requests that clients keep in regular contact with the Advisor and meet with the Advisor (in person or telephonically) at least annually to ensure the investment plan/strategies continue to be aligned with the clients' stated individual needs, goals, objectives, time horizon and risk tolerance. Clients are obligated to *promptly* inform the Advisor of any change in the client's financial condition or circumstances in order to provide the Advisor with an opportunity to consider the current information and if any changes in the investment strategy/plan are appropriate.

All client investment accounts are reviewed by Robert A. Rikoon, President and CEO.

Clients can expect to receive transaction confirmations as they occur and monthly or quarterly account statements from the broker-dealer, bank or other qualified custodian where the assets are held. The client may elect to receive transaction confirmations and statements from the broker-dealer, bank or other qualified custodian electronically, otherwise they will be mailed. Clients may access portfolio information at any time via the custodian's website.

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Additionally, The Rikoon Group prepares and mails quarterly portfolio statements. Other reports are available upon request.

**Financial Consulting Services** are generally provided on an hourly or project base, therefore they are not ongoing in nature and terminate upon the delivery of services. These services do not provide for reviews or follow-up services unless specifically outlined in the Client Agreement or the client engages the Adviser for Investment Supervisory Services in conjunction with, or following services. Where reviews are not provided as part of the engagement, it is the client's obligation to secure additional or follow-up services with the Adviser at the client's discretion.

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

The Rikoon Group does not receive or compensate any person for client referrals. Likewise, The Rikoon Group does not receive economic benefit (i.e. sales awards or prizes) from third parties for providing advisory services to clients.

Potential clients that do not meet The Rikoon Group's relationship minimum (or whose engagement presents mitigating circumstances) may be referred to other unaffiliated SEC or state registered investment advisers, including but not limited to Wyoming Investment Management Services ("WIMS"). WIMS engages The Rikoon Group to provide investment consulting services that assist WIMS with the management of its client accounts, including those individuals referred by the Rikoon Group. No potential client is obligated to engage WIMS or any other advisor recommended by The Rikoon Group. If a client does engage another advisor, they are under no obligation to follow The Rikoon Group's advice. As a result of The Rikoon Group's consulting arrangement with WIMS, the recommendation that a potential client consider engaging WIMS's services presents a conflict of interest.

The Rikoon Group may refer clients or potential clients to use Heritage Trust Company of New Mexico (HTC), Red Pine Reliance LLC (RPR), or other third party administrators (TPAs) for trust administrative services only. The terms and conditions under which the client shall engage TPAs are set forth in a separate written agreement between the TPA and the client. No client or potential client is under any obligation to engage any TPA for trust administrative services. Clients or potential clients are free to choose among various TPAs to provide these kinds of services. The Rikoon Group reserves the right to resign as investment advisor at any time should the relationship with any trust administrator not work. The Rikoon Group does not receive economic benefit for referrals to any TPA, nor for maintaining an ongoing relationship, however, referrals to TPAs may be deemed to have potential conflicts of interest.

The Rikoon Group's Chief Compliance Officer, Robert A. Rikoon, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest such arrangement creates.

#### **Item 15 – Custody**

The Rikoon Group is deemed to have custody of client funds and securities whenever TRG is given the authority to have fees deducted directly from client accounts. Additionally, TRG is deemed to have custody any time a client has provided the qualified custodian with written, standing authorization to allow TRG to request distributions from their account to a third party. TRG maintains this authorization on select client accounts as a convenience to the client.

For accounts in which TRG is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Additionally, clients receive notice from the custodian of any disbursements made from their account to a third party. Clients should carefully review statements and notices of disbursement and are urged to carefully review such statements and compare the official custodial records to the account statements that TRG provides. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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The custody situation arising from authorization to make disbursements to third parties, requires TRG to undergo an annual surprise inspection (irregular from year to year) by an independent public accountant of the funds or securities in those accounts for which we are deemed by the SEC to have custody.

#### **Item 16 – Investment Discretion**

For clients who choose Discretionary Investment Supervisory Services, The Rikoon Group usually receives discretionary authority from the client at the outset of the relationship via the broker-dealer's Limited Power of Attorney form signed by the client. The Rikoon Group has complete discretion over the selection and amount of securities to be bought or sold without obtaining specific client consent. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Clients may specify or impose reasonable restrictions on individual securities or types of securities (for example socially responsible investments or inherited positions) for which the client does/does not want to be invested in.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, The Rikoon Group does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. The client will receive proxies or other solicitations directly from the custodian or transfer agent. Clients are welcome to contact The Rikoon Group with any questions regarding particular solicitations.

#### **Item 18 – Financial Information**

The Rikoon Group has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

ANY QUESTIONS: The Rikoon Group's Chief Compliance Officer, Robert A. Rikoon, remains available to address any questions regarding this Part 2A.

### **Part 2B of Form ADV: Brochure Supplement**

**Robert A. Rikoon**  
The Rikoon Group  
2218 Old Arroyo Chamiso  
Santa Fe, NM 87505  
505-989-3581

This Brochure Supplement provides information about Robert A. Rikoon that supplements The Rikoon Group's Brochure. You should have received a copy of that Brochure. Please contact Robert A. Rikoon if you did not receive The Rikoon Group's Brochure or if you have any questions about the contents of this supplement.

Additional information about Robert A. Rikoon is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

#### **Item 2- Educational Background and Business Experience**

Born: 1954

##### **Educational Background:**

University of New Mexico, MBA (1981)  
Harvard College, BA (1977)

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**Business Background:**

The Rikoon Group, LLC, Santa Fe, NM, CEO and CCO, April 2007 - Present  
Rikoon-Carret, LLC, Santa Fe, NM, CEO and CIO, October 2000 – April 2007  
Rikoon Investment Advisors, Inc., Santa Fe, NM, CEO, 1987 – October 2000

**Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

**Item 4- Other Business Activities**

Registered investment advisers are required to disclose all material facts regarding engagements in any other investment-related business or occupation material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

**Item 5- Additional Compensation**

Registered investment advisers are required to disclose all material facts regarding non-client compensation. No information is applicable to this Item.

**Item 6 - Supervision**

Not Applicable

**Item 7- Requirements for State-Registered Advisers**

Not Applicable

**Juliana R. Henderson**

The Rikoon Group  
2218 Old Arroyo Chamiso  
Santa Fe, NM 87505  
505-989-3581

This Brochure Supplement provides information about Juliana R. Henderson that supplements The Rikoon Group's Brochure.

**Item 2- Educational Background and Business Experience**

Born: 1954

**Educational Background:**

University of North Carolina, BA (1976)

**Business Background:**

The Rikoon Group, LLC, Santa Fe, NM, Advisory Representative, April 2007 – Present  
Rikoon-Carret, LLC, Santa Fe, NM, Advisory Representative, October 2000 – April 2007  
Rikoon Investment Advisors, Santa Fe, NM, Advisory Rep, 1992-1998 and 1999-2000

**Item 3- Disciplinary Information**

No information is applicable to this Item.

**Item 4- Other Business Activities**

No information is applicable to this Item.

**Item 5- Additional Compensation**

No information is applicable to this Item.

**Item 6 - Supervision**

Robert A. Rikoon, President and CEO, is responsible for supervising all Advisory Representatives of The Rikoon Group. Robert is included in client meetings, reviews written correspondence before it goes out and reviews/receives



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copies of email correspondence in order to monitor the Advisory Representatives activities and the advice they provide to clients. He can be reached at 505-989-3581.

**Item 7- Requirements for State-Registered Advisers**

Not Applicable

**Jeffrey W. Sand, CFP®**  
The Rikoon Group  
2218 Old Arroyo Chamiso  
Santa Fe, NM 87505  
505-989-3581

This Brochure Supplement provides information about Jeffery W. Sand that supplements The Rikoon Group's Brochure.

**Item 2- Educational Background and Business Experience**

Born: 1954

**Education Background:**

Thunderbird - American Graduate School of International Management, MBA (1983)  
University of Arizona, BA (1976)

**Licenses:**

New Mexico – life, accident & health insurance and variable contracts

**Professional Designations:**

CERTIFIED FINANCIAL PLANNER™ (2012)\*\*

**Business Background:**

The Rikoon Group, LLC, Santa Fe, NM, Advisory Representative, 04/2007 – Present  
Rikoon-Carret, LLC, Santa Fe, NM, Advisory Representative, 2002 – 04/2007  
Charles Schwab & Co., Inc., Santa Fe, NM, Investment Specialist, 2000 – 2002

**Item 3- Disciplinary Information**

No information is applicable to this Item.

**Item 4- Other Business Activities**

No information is applicable to this Item.

**Item 5- Additional Compensation**

No information is applicable to this Item.

**Item 6 - Supervision**

Robert A. Rikoon, President and CEO, is responsible for supervising all Advisory Representatives of The Rikoon Group. Robert is included in client meetings, reviews written correspondence before it goes out and reviews/receives copies of email correspondence in order to monitor the Advisory Representatives activities and the advice they provide to clients. He can be reached at 505-989-3581.

**Item 7- Requirements for State-Registered Advisers**

Not Applicable



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**Patricia A. Cody**  
The Rikoon Group  
2218 Old Arroyo Chamiso  
Santa Fe, NM 87505  
505-989-3581

This Brochure Supplement provides information about Patricia A. Cody that supplements The Rikoon Group's Brochure.

**Item 2- Educational Background and Business Experience**

Born: 1951

**Business Background:**

The Rikoon Group, LLC, Santa Fe, NM, Advisory Representative/Operations Mgr, 04/2007 - Present  
Rikoon-Carret, LLC, Santa Fe, NM, Advisory Representative/Operations Manager, 10/2000 – 04/2007  
Rikoon Investment Advisors, Santa Fe, NM, Operations Manager, 1999 - 2000

**Item 3- Disciplinary Information**

No information is applicable to this Item.

**Item 4- Other Business Activities**

No information is applicable to this Item.

**Item 5- Additional Compensation**

No information is applicable to this Item.

**Item 6 - Supervision**

Robert A. Rikoon, President and CEO, is responsible for supervising all Advisory Representatives of The Rikoon Group. Robert is included in client meetings, reviews written correspondence before it goes out and reviews/receives copies of email correspondence in order to monitor the Advisory Representatives activities and the advice they provide to clients. He can be reached at 505-989-3581.

**Item 7- Requirements for State-Registered Advisers**

Not Applicable

**Emily L. Zinn, CFP®**  
The Rikoon Group  
2218 Old Arroyo Chamiso  
Santa Fe, NM 87505  
505-989-3581

This Brochure Supplement provides information about Emily L. Zinn that supplements The Rikoon Group's Brochure.

**Item 2- Educational Background and Business Experience**

Born: 1982

**Education Background:**

Willamette University, BA (2004)

**Professional Designations:**

CERTIFIED FINANCIAL PLANNER™ (2011)\*\*

**Business Background:**

The Rikoon Group, LLC, Santa Fe, NM, Advisory Representative, 1/2008 – Present

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Capital Financial Planners, LLC, Salem, OR, Financial Planning Assistant. 6/2006 – 12/2007

**Item 3- Disciplinary Information**

No information is applicable to this Item.

**Item 4- Other Business Activities**

No information is applicable to this Item.

**Item 5- Additional Compensation**

No information is applicable to this Item.

**Item 6 - Supervision**

Robert A. Rikoon, President and CEO, is responsible for supervising all Advisory Representatives of The Rikoon Group. Robert is included in client meetings, reviews written correspondence before it goes out and reviews/receives copies of email correspondence in order to monitor the Advisory Representatives activities and the advice they provide to clients. He can be reached at 505-989-3581.

**Item 7- Requirements for State-Registered Advisers**

Not Applicable

\*\*The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.