

**Part 2A of Form ADV: *Firm Brochure***

**FINANCIAL GUARD, LLC**

481 East 1000 South  
Suite B  
Pleasant Grove, UT 84062

Telephone: (801) 922-1334  
Facsimile: (801) 769-9439  
E-mail: [jri@financialguard.com](mailto:jri@financialguard.com)  
Web Address: [www.financialguard.com](http://www.financialguard.com)

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**This brochure provides information about the qualifications and business practices of Financial Guard, LLC (hereinafter “FG” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (801) 922-1334 or at [jri@financialguard.com](mailto:jri@financialguard.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 FG is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for FG is 156059.**

**Item 2.           Summary of Material Changes**

Since our last Brochure update on January 21, 2011, one of our investment adviser representatives, has received notice of a pending regulatory action against him by the State of Connecticut Department of Banking. Please refer to Item 9 of this Brochure for detailed information relating to this event.

**Item 3. Table of Contents**

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#### **Item 4.        Advisory Business**

FG is a fee-based registered investment adviser which provides investment advice to all of its clients exclusively through an interactive website. The firm is registered with the SEC pursuant to Rule 203A-2(f) of the Investment Advisers Act of 1940. Our principal place of business is located in Pleasant Grove, Utah. We have been in business since 2011, with James Wentworth Jenkins and Cary Porter Jenkins as direct owners and James Wentworth Jenkins as the President and Managing Member of the firm.

As of January 1, 2011, we did not have any discretionary assets under management.

#### Model Portfolio Management Services/Portfolio Consulting Services

##### AutoPilot Program:

Through this program, our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

By administering a web-based interactive questionnaire that determines a risk profile based on a client's goals, objectives, and circumstances, our system determines which model portfolio is suitable for each client. Once the suitability of the portfolio has been determined, the portfolio is managed based on the portfolio's objectives, rather than on each client's individual objectives. Nevertheless, clients have the opportunity to place reasonable restrictions on the types of investments held in their account, and the client's account will be managed according to the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. These restrictions are captured and monitored through our web-based system. Clients retain individual ownership of all securities.

In order to ensure that our initial determination of an appropriate portfolio continues to be suitable and that the client's account continues to be managed in a manner suitable to the client's financial circumstances, we maintain client suitability information in the client's file. We contact clients through our interactive website on a quarterly basis to request updated information regarding the client's financial situation and investment objectives and whether the client wishes to impose or modify existing investment restrictions. In addition, we contact clients through our interactive website at least annually to determine whether there have been any changes in the client's financial situation and whether the client wishes to impose investment restrictions or modify existing restrictions.

##### GPS Program:

This program allows us to monitor the client's account and make investment recommendations based on the client's previously completed risk profile and the corresponding portfolio selected by our web-based system. Clients are responsible for the implementation of any and all of our investment recommendations, but are under no obligation to follow any of our recommendations.

### Services in General:

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and primarily include advice regarding no-load or load-waived mutual funds and exchange-traded funds (ETFs).

While we obtain each client's suitability information, our investment decisions are based on the objectives of each allocation model, not on the individual objectives of each client. All investment recommendations are based on information gathered through our interactive website.

### **Item 5. Fees and Compensation**

Our advisory fees for model portfolio management and portfolio consulting services are charged as a fixed monthly fee of \$14.95 for clients participating in the AutoPilot program and \$9.95 for clients participating in the GPS program. We reserve the right to change these programs and/or fees at any time, but will honor pre-paid fees.

### Fees in General:

Unless otherwise agreed, on a semi-annual basis we directly debit client accounts for fees totaling six months of service in advance. If clients are paying by credit card, on a semi-annual basis the credit card of record will be charged for fees totaling six months of service in advance.

Our fees and account minimums are not negotiable.

We may group certain related client accounts for the purposes of determining the account size.

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

### Account Termination:

Clients have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing us with a written notice at our principal place of business. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

### Mutual Fund and ETF Fees and Expenses:

All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. Clients can invest in mutual funds or ETFs directly, without the services of our firm. In that case, clients would not receive our services which are designed to assist the client in determining which mutual funds or ETFs are most

appropriate for each client based on their financial condition and objectives. Accordingly, in order to evaluate the advisory services we provide, clients should review both the fees charged by the funds and ETFs, as well as the fees charged by FG to fully understand the total amount of fees being paid for the services being provided.

#### Brokerage and Custodian Fees:

In addition to the advisory fees paid to our firm, clients are also responsible for all transaction, brokerage, and custodian fees incurred as part of their account management. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices.

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

We do not charge any fees based on a share of capital gains on or capital appreciation of client assets.

### **Item 7. Types of Clients**

Our firm generally provides advisory services to individuals.

We require a minimum account size of \$1,000 of assets under management or assets under advisement.

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

Our firm employs the following types of analysis to formulate client recommendations.

Asset Allocation: Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

As in all securities analysis, a risk of mutual fund and/or ETF analysis is that past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments

in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Our firm employs the following investment strategies to implement investment advice given to clients:

Long-term purchases: We typically purchase securities with the intention of holding them in a client's account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our analysis is incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: Infrequently, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

***Clients should understand that investing in any securities, including mutual funds and ETFs, involves a risk of loss of both income and principal.***

## **Item 9. Disciplinary Information**

Our firm has not been subject to any disciplinary events.

Danny Humphrey, an Investment Adviser Representative of our firm, is involved in a pending regulatory action initiated by the State of Connecticut Banking Department on March 4, 2011. The state of Connecticut alleges violations of various sections of the Connecticut Uniform Securities Act and accompanying regulations in connection with sales of certain unregistered

private placement securities to Connecticut residents by an unregistered agent of the issuer in the state. State of Connecticut further alleges that Mr. Humphrey engaged in private securities transactions without prior written notice to his employing broker-dealer and that his employing firm was conducting business in the state without being properly registered as an investment adviser. Mr. Humphrey vigorously denies all allegations and intends to exercise his right to a hearing.

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

James Jenkins, Managing Member of FG, is also separately employed as owner and Chairman of the Board of Cherokee & Walker, a private equity firm specializing in acquisitions, private investments and real estate development. Our clients will not be solicited to invest in this entity.

This non-advisory activity presents a potential conflict of interest, to the extent that it may require a time commitment from Mr. Jenkins, thus limiting the amount of time he can dedicate to management of the algorithms and methods used by our system to manage client accounts.

We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address these conflicts:

1. We disclose to clients the existence of all material conflicts of interest;
2. We disclose to clients that they are not obligated to purchase any additional services from our firm or its employees;
3. We do not pay or collect referral fees from any related persons or entities;
4. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
5. Management conducts regular reviews of the algorithms and methods used by our system to monitor each client account and to verify that all recommendations made to each client are suitable to the client's needs and circumstances;
6. We require that our employees seek prior approval for any outside employment activity so that we may ensure that any potential conflicts of interest are properly addressed;
7. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
8. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

#### **Item 11. Code of Ethics, Participation in Client Transactions & Personal Trading**



### Code of Ethics Disclosure:

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to James Rex Ivie, Chief Compliance Officer, at the firm's principal office address.

Our firm or individuals associated with our firm may buy or sell securities identical to those recommended to or purchased for customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our firm may prefer his or her own interest to that of the advisory client.
2. It is the express policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.
3. We do not aggregate employee trades with client trades;
4. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by James Ivie, Chief Compliance Officer.
5. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

7. Any individual not in observance of the above may be subject to disciplinary action or termination.

## **Item 12. Brokerage Practices**

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

We do not request or accept the discretionary authority to determine the broker dealer to be used for client accounts. Clients must direct us as to the broker dealer to be used for all client securities transactions. In directing the use of a particular broker or dealer, it should be understood that we do not have authority to negotiate commissions among various brokers, and best execution may not be achieved, resulting in higher transaction costs for clients. *Not all advisers require their clients to direct brokerage.*

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several unaffiliated broker dealers, including, but not limited to, Charles Schwab and Co., Inc., (hereinafter “Schwab”) and E-trade Securities, LLC (hereinafter “E-trade”) members FINRA/SIPC, provided that such recommendations are consistent with our fiduciary duty to the client. Our clients must evaluate these brokers before opening an account. The factors considered by our firm when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors. Based on our business model, we do not seek to exercise discretion to negotiate trades among various brokers on behalf of clients. We will, however, periodically attempt to negotiate lower commission rates for our clients with any brokers we recommend to clients.

*Clients are not under any obligation to effect trades through any recommended broker.*

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. Our firm participates in the Schwab Institutional (SI) services program offered to independent investment advisers by Schwab. Schwab will be recommended to any clients in need of brokerage and custodial services. As part of the SI program, our firm receives benefits that it would not receive if it did not offer investment advice. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SI participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client account; access, for a fee, to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in the SI program may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, Schwab.

Participation in the SI program results a potential conflict of interest for our firm, as the receipt of the above benefits creates an incentive for us to recommend Schwab to clients.

### Trade Aggregation:

We may aggregate client trades when doing so is advantageous to our clients. In cases, we batch client transactions to receive volume discounts and to obtain better and more uniform pricing across client accounts. If we determine that aggregation of trades in a certain situation will be beneficial to our clients, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed from each client account on any given day.

### **Item 13. Review of Accounts**

Under the algorithms and methodologies continuously monitored and updated by James Jenkins, Managing Member & President, and Danny Humphrey, Investment Adviser Representative, our proprietary technological platform monitors the underlying securities in client accounts and performs reviews of account holdings for all clients at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of the model portfolio as well as any investment restrictions provided by the client.

In addition to the monthly/quarterly statements and confirmations of transactions that clients receive from their broker dealer, our firm provides quarterly holdings and/or performance reports.

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

Other than that already described in this Brochure, our firm does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

### **Item 15. Custody**

Custody is defined as any legal or actual ability by our firm to access client funds or securities. Since all client funds and securities are maintained with a qualified custodian, we do not take physical possession of client assets. However, under the current SEC rules, our firm is deemed to have constructive custody of client assets because we directly debit client fees from their custodial accounts. Therefore, we urge all of our management clients to carefully review and compare their quarterly reviews of account holdings and/or performance results received from us to those they receive from their custodian. Should you notice any discrepancies, please notify us and/or your custodian as soon as possible.

### **Item 16. Investment Discretion**

For clients granting us discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), we request that such authority be granted in writing, typically in the executed investment management agreement, risk profile questionnaire, or by means of the designated method on our website.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing or by means of the designated method on our website.

**Item 17.        Voting Client Securities**

As a matter of policy, our firm does not vote proxies on behalf of clients. Clients will receive their proxies and other solicitations directly from their custodian or transfer agent and retain sole responsibility for voting. However, we may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

We do not advise or act on behalf of a client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

**Item 18.        Financial Information**

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.