

# RICHARD C. HOERTKORN

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This brochure provides information about the qualifications and business practices of RICHARD C. HOERTKORN. If you have any questions about the contents of this brochure, please call (415) 482-8899. 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.

RICHARD C. HOERTKORN 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 can determine to hire or retain an adviser.

The information contained within this brochure relates to specific questions the SEC and other regulatory agencies request be answered by registered investment advisers. This brochure is not (and is not intended to be) a marketing brochure.

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

## *Item 2 – Material Changes*

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The prior Brochure dated March 14, 2019 has been retired. The new Brochure is dated as of December 30, 2019.

Currently, my brochure can be requested by contacting my office (415) 482-8899.

Additional information about RICHARD C. HOERTKORN is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### *Item 4 – Advisory Business*

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My business consists of managing marketable and non-marketable securities and investment real estate with current total assets under management as of December 31, 2019 in excess of \$200,000,000.

#### ***PORTFOLIO MANAGEMENT***

##### Allocation of investment opportunities among clients.

The types of securities purchased for clients are exchange-listed securities, over-the-counter common stocks, corporate debt securities, municipal and U.S. Government obligations and quality mutual funds.

IPO's. I do not actively trade in initial public offerings (IPO's). Should a client solicit information regarding an IPO of which they are aware, I will perform due diligence as to the client's request should that client want to participate. I will not recommend, favorably or unfavorably, to purchase shares through an IPO, but will provide information requested by any client so that the client can determine whether or not to purchase shares. Should a client determine to make an investment, the assets are independently purchased by said client; assets may be placed in the managed portfolio if the client so desires and the broker-dealer of the account so agrees.

Consistency of portfolios with clients' investment objectives. Consultations between me and clients occur to discuss general matters such as income, safety, and how these issues relate to clients' other assets and requirements. On a general basis, I do not consult prior to individual security purchases, sales or casting proxy votes. Investment discretion to make purchase and sale decisions with respect to client portfolios is essential. However, all transactions are made based upon the careful analysis of each individual client's needs and goals.

Applicable Regulatory Restrictions. Neither I, nor my supervised persons, shall knowingly participate in, or assist, any acts in violation of any applicable law, rule, or regulation of any government, government agency, or regulatory organization governing my professional, financial, or business activities, nor any act that would violate any provision of the Standards of Professional Conduct or my Code of Ethics.

Anti-Money Laundering. It is my policy that personnel prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. I am the Chief Compliance Officer ("CCO") and monitor compliance with this policy, changes in applicable law and regulations and will implement additional controls as rules and regulations change in relation to money laundering. I retain all financial transaction records and determine when to file

Suspicious Activity Reports (SAR-SFs) according to applicable laws and regulations. I am also responsible for training supervised persons of the firm on anti-money laundering issues to protect clients and ensure compliance with this policy.

If a prospective client fails to provide required information for establishing a new relationship with me as their investment adviser, or provides apparent, intentionally false information, then this relationship will be terminated if an established client, or cancelled if a prospective client. Relevant information for establishing a new client relationship would be the following:

- Client legal name
- Client legal address (not PO Box or email)
- Client date of birth (individual) or EIN number for businesses
- Client's government identification number (tax identification, social security, or passport number with country of issuance)
- Description of client's primary business, if any, and
- Description of client's primary source of funds (business, employment wages, inheritance, pension).

Back-up documentary or non-documentary evidence, as necessary, will be utilized by me and supervised persons when opening new accounts or maintaining existing accounts. If red flags arise that question whether money laundering or terrorist financing may be or could be occurring, the supervised person shall report to the CCO and could lead to further research with third-parties government agencies; if I deem suspicious, an SAR-SF could be filed in accordance with applicable laws after thorough review. Records will be maintained for five (5) years.

### ***TRADING PRACTICES***

Best execution obligation. I owe a fiduciary duty to each client to obtain the best execution for all trading transactions. Failure to research and provide "best execution" for investment clients could lead to SEC regulatory consequences. My policies mirror regulators' guidelines in what specifically represents "best execution", including the qualitative concept that does not necessarily represent the lowest execution price, but also includes the total benefits derived from the broker-dealer consisting of

- promptness of execution
- liquidity of the market for specific securities
- ease of corrections to trading errors provided to me
- promptness in providing me with trading reports on transactions placed
- overall quality of service provided by the broker-dealer
- research (if any) provided or available through the broker-dealer
- financial stability of the broker-dealer

- commission rates charged, if any, on trading transactions
- ability to access market centers
- dedicated trading personnel provided by broker-dealer and the ability to contact these professional by telephone, if required,
- or an individual investment client who may have a specific request for a broker

I monitor via satellite a “real-time” feed of market values for all securities held in client accounts on a continuous basis. All equity trades for accounts housed at Charles Schwab & Co. are place via the internet electronic trading software and are executed upon transmittal and receipt at the broker; for assets housed at other brokerages, telephone calls are placed and executions handled upon transmittal of voice instructions to the brokers, usually at current market rates. If there are limits implemented on specific trade orders, this is done via the electronic trading software or requested at the time of the telephone communication to brokers.

Use of Client Brokerage to obtain research and other services (“Soft Dollars”).  
All research is performed on an independent basis utilizing financial information obtained from annual reports, press releases and other SEC related filings. I also utilize the Wall Street Journal, Value-Line investment surveys, Barron’s and other industry-related magazines and daily newspapers.

I also access research reports available via the internet that include Charles Schwab Advisor website (these reports are from various sources – Credit Suisse, Ned Davis Research, S & P Stock Report, S & P Industry Reports, Reuters and Schwab Equity Reports), as well as Morningstar’s website and public documents available on the internet provided by corporate annual reports and related regulatory filings. I can receive services furnished by broker/dealers that are not typically available to retail customers. These services are available to me as an independent investment adviser on an unsolicited basis. Brokerage services include the execution of securities transactions, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that could require a significantly higher minimum initial investment by individual investors. I may also have available products and services that are beneficial to me that may not directly benefit client accounts, which include software and other technology that (i) provide access to client account data, (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts, (iii) provide research, pricing and other market data, (iv) facilitate payment of investment management fees from client accounts and (v) assist with recordkeeping and client reporting functions. Other services may include compliance, legal and general business consulting information, and as such, I may take into account the availability of some of these products and services as part of the total mix of factors when recommending, at their request, a broker/dealer to prospective and current clients. My recommendations are meant to assist the client, who is ultimately responsible for choosing his or her own broker/dealer.

Allocation of aggregated trades among clients. When I place “block” trades for the purchase of multiple client orders for the same security, the total dollars are allocated across all clients by averaging the per share price for the total transaction and proportionately attributing to each client on this basis. There is no special consideration given to any client or client group whatsoever in the allocation of aggregated trades.

## ***PROPRIETARY TRADING***

By Adviser. Richard C. Hoertkorn and affiliated personnel accounts (family, employee and related persons trust accounts) own some of the same securities invested in for my clients. Trades are initiated and completed for clients in advance of the execution of any affiliated personnel or family account transactions.

Personal Trading activities of Supervised Persons. Personal trading and investment activities are subject to the rules and regulations of the Investment Advisers Act, specifically Sections 206 (anti-fraud), Section 204-3 (disclosure of investment practices and interests) and Form ADV. There are no personal trading activities by supervised persons, other than by Richard C. Hoertkorn, that occur. All trades initiated for the benefit of supervised persons by Richard C. Hoertkorn are executed after completion of all client transactions in the same security(ies).

Insider Trading Policy. I expect each of my employees, including all supervised persons, to obey the law and not trade on the basis of material, non-public information. In addition, I discourage employees from seeking or knowingly obtaining material, non-public information. It is also preferred that any supervised persons refrain from serving as an officer or director of any company that issues publicly traded securities. If such an opportunity arises, service by an employee in such outside positions is subject to prior written approval of the CCO.

I do not have an investment banking division or affiliate who routinely handles material, non-public information. Should any employee be in receipt of material, non-public information, the employee should not buy or sell any such securities for a personal account or a client account, should not communicate such information to any person (whether another employee, family member or friend) except the CCO.

## ***RECORDKEEPING***

### **BOOKS AND RECORDS**

#### *Responsibility*

As a registered investment adviser, I am is subject to extensive and detailed requirements under the Advisers Act to create and preserve records relating to all activities, from transactions for client accounts to personal securities transactions of family accounts, and to a variety of other matters.

It is not only important to keep complete and accurate records, it is important to make sure that they are current, up-to-date, and well-organized. I am subject to surprise examinations of my books and records by the SEC. It is the responsibility of the CCO to review record retention and destroy documents that are obsolete. It is against the law to forge, falsify, tamper with, obliterate or prematurely destroy these records. Doing so could subject the personnel involved to criminal penalties, regulatory sanctions and/or termination of employment.

### *Retention Requirements*

I am required to keep and maintain certain books and records for a period of not less than five (5) years, which are stored on-site and retained in my sole office.

### *Specific Recordkeeping Requirements*

I retain client books and records, as they apply and are itemized below:

- Reports, including cash receipts and disbursement records, and any other record of original entry forming the basis of these reports.
- Balance sheet, profit and loss, reserve, and capital accounts.
- Trading blotters for all purchase and sale orders. The trading blotter shall
  - Show the terms and conditions of the order (buy or sell);
  - Show any instruction, modification or cancellation;
  - Show the account for which the transaction was entered;
  - Identify the person who placed the order;
  - Show the account number for the transaction;
  - Show the date of entry;
  - Identify the broker or dealer by and through whom such order was executed;
  - All trading orders are considered “RCH discretionary” except those who identify that a client specifically requested the trade; and
  - All trades are reviewed to ensure that trading activities are correct between instructions and electronic recordation of trades, and follow the default selling selection or specific lots selection. All trade blotters are archived monthly and retained for at least five (5) years.
- Client invoices for services, and non-client expenditures (bills paid and unpaid) relating to me as an investment adviser;
- Trial balances, financial statements and internal audit working papers;
- Written communications received from clients (maintained electronically);
- Written communications sent to clients (maintained in paper form for one year, electronically for older than one year);
- I do not advertise my investment business, nor is there a web presence;



- I do not hold, directly or indirectly, any ownership interests of publicly traded securities; I, along with affiliated persons, may hold shares in the same publicly traded securities as advisory clients, but has no ownership interests in any traded securities recommended to advisory clients;
- Disclosure Document (Form ADV Part 2A, 2B every amendment);
- An annual list of persons who have requested copies of my Disclosure Document, even if there are none;
- Client agreements (maintained electronically and not for a period of less than five (5) years after termination of investment relationship);
- Client complaint file (maintain even if no complaints);
- Copy of Compliance Manual, policies and procedures, as updated periodically;
- All accounts, books, records and documents necessary to form the basis for calculation of performance or rate of return of managed accounts or securities recommendations, if any;
- Copies of my current code of ethics, and any copy utilized within the last 5 years, to include
  - records of violations and actions taken as a result of violations;
  - written acknowledgements by employees of receipt of the code of ethics who is currently or has been a supervised person;
  - annual records of written acknowledgements of compliance with the code of ethics for each person who is currently or has been within the last five (5) years a supervised person; and
  - a list of all “access persons” currently or within the last five (5) years.
- Records of all Personal Securities Transactions currently or employed within the last five (5) years.

### *Corporate Records*

I am a sole proprietor, the only investment adviser and the principal of my investment business, with one-to-two supervised employees (the second employee performs back up duties to supervised employee for vacations, absences, etc.). The financial records for my business are maintained in my only office; if I relocate mt office, notification of said move is made according to SEC and other governmental requirements that require same.

### *E-Mail Retention*

RCH will maintain a record of all e-mails received or sent to investment clients. Individual client e-mails are electronically stored, by year, within that client’s investment electronic files. These files are backed-up at a minimum of every other business day, maintained on an external drive which is stored off-site, as part of its Disaster Contingency Plan, and are safeguarded to limit access to properly authorized individuals.

These emails will be retained for a period of not less than five (5) years. The CCO, or his designee, will audit this process at least annually pursuant to SEC rule requirements.

### *Maintenance and Preservation of Records*

Under current requirements, all records that are required to be maintained and preserved by any rule of the Advisers Act can be done electronically in addition to or as a substitute for storing documents in paper format. Records can be maintained or reproduced on film, magnetic disk, tape, optical storage disk or other electronic storage media, I must:

- Maintain a duplicate back-up copy of electronically stored books and records at an off-site location;
- Arrange and index records to permit immediate location of a particular record;
- Be ready at all times to provide a copy or printout to an SEC examiner;
- Verify the quality and accuracy of storage media recording process;
- Maintain the capacity to readily download indexes and records preserved on media;
- Maintain available facilities for the immediate and easily readable projection or production of documents; and
- Have in place an audit system providing for accountability regarding record inputting.

I am prepared, upon request, to promptly provide:

- Legible, true and complete copies of records in the medium and format in which they are stored;
- Provide printouts, if requested, of such records; and
- Allow access to view and print the records to an examiner.

All personnel shall provide security and limit access to all client investment records, confirm that personnel with access to client records do not leave their computers unattended, unless turned off or secured by logging off. The CCO will take steps necessary to assure that when a supervised employee terminates employment or is terminated from employment, all passwords or codes used to gain access to that former employee's computer system or email are changed.

### ***ADDITIONAL DISCLOSURES***

Investors. I do not offer securities to investors.

Other. Richard C. Hoertkorn, sole proprietor and Adviser of RCH, also manages family real estate investments.

### *Item 5 – Fees*

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Management fees charged to my clients are based on the aggregate valuation of investments under management as follows:

- The first \$500,000.00 - one and two-tenths percent (1.2%);
- The next \$500,000.00 - one percent (1.0%);
- The next \$5,000,000.00 - three-quarters of one percent (3/4 of 1%); then
- The excess over \$6,000,000.00 - one-half of one percent (1/2 of 1%)

A majority of clients have signed authorizations to pay investment adviser fees directly from the account(s) managed. There is no outside agency that confirms fees billed are correct. While I make every effort to ascertain all clients are billed pursuant to the investment counselor agreement, the responsibility lies with each client to confirm that fees billed are correct. If for any reason it is found by either party that fees charged were incorrect, I will immediately correct the figure and either (i) refund the overage charged to the client or (ii) issue a credit on the next quarterly bill.

I reserve the right to modify said fee structure on a case-by-case basis should certain requirements or specific securities held prove a need for unusual handling within the normal course of my business duties. Specifically, accounts comprised substantially of bonds that require less management attention are usually charged lower fees. Any fee structure modification falling within this purview will be negotiated with a client prior to undertaking the management of the account and the particulars memorialized in writing.

Fees are payable quarterly before my duties are performed. Either party can cancel the investment agreement at any time with 10 days written notice. Upon cancellation of the investment agreement, a client will be fully reimbursed for the amount of any unearned prepaid management fees.

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

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No fees are charged to clients based upon performance of managed assets, thereby creating no conflicts of interest among client accounts. My fees are charged based upon the valuation of investment portfolios as of the last market date that information is available before the start of each new quarterly period.

I do not enter into any side-by-side management agreements with others.

### *Item 7 – Types of Clients*

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My clients consist of individuals, trusts, pension and profit-sharing plans, charitable, retirement assets and estates.

To undertake management, the minimum investment account should approximate \$250,000.00. If related clients (“households”) desire management, I will pool the assets of the related persons and/or entities to determine that minimum threshold.

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

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My analysis is fundamental. I study company financial statements and reports, industry trends and conditions, and general business conditions.

My principal sources of information consist of: 1) company annual reports, prospectuses, Form10-K's and press releases; 2) various trade publications; 3) general business periodicals and newspapers; 4) Value Line investment surveys and Standard & Poor's manuals; 5) internet research, including Morningstar, Yahoo Finance and company websites; 6) brokers' reports; and 7) telephone calls and visits with company officers.

Investing in securities involves risk of loss, including principal investment. All investments involve differing degrees of risk, and investors should be aware of their personal risk tolerance and ability to bear financial loss. An investor should also review all trade confirmations, monthly brokerage statements, and quarterly investment information for accuracy and alignment with their personal investment goals and financial tolerance.

### *Item 9 – Disciplinary Information*

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I have no legal or disciplinary events that have been undertaken or are pending against me since I began my advisory business in 1972.

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

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I have no material relationships with any related financial industry participants, and no conflicts of interest. I do not recommend other investment advisers to clients, and have no compensation arrangements or other business relationship which would materially or otherwise impact my relationship with my investment clients.

### *Item 11 – Code of Ethics*

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As an investment adviser, I conduct myself in an ethical manner in all dealings with clients, as well as the public at large, my employees and fellow advisors. I exercise independent, professional judgment and conduct myself in matters that are further delineated in the Registered Investment Advisers' Code of Ethics.

All supervised persons must comply with applicable state and federal securities laws. Supervised Persons are not permitted to:

- Defraud any client in any manner;
- Mislead any client, including making false, misleading statements;
- Engage in any act or course of conduct that would act to defraud or deceive any client;
- Engage in any price manipulation or manipulative action with respect to investment securities; or
- Engage in any manipulative action with respect to any client

when purchasing or selling, directly or indirectly, to be acquired by any client.

Additionally:

- a. All personnel cannot trade in personal or RCH related-person accounts, in the same client investment holding until **AFTER** all client-related trading transactions have been completed for the trading day. In placing block trading orders on behalf of clients, those block orders will be completed prior to placing block orders for related-person accounts.
- b. Margin Account client trading orders must be pre-approved by CCO.
- c. My business practice does not ordinarily place option transactions in client account; it is not common practice for me to partake in option transactions unless a specific client has requested that capability with their

broker-dealer account, at which time if the client requests this type of transaction it must be pre-approved by CCO.

d. As a rule, no short sales, are placed in personal or client accounts. If a client requests a short sale, it must pre-approved by CCO.

e. The CCO must pre-approve any short-term trading transactions (those within 30-day window, before and after a trade [wash sale]) of the "same" security (buy, sell and repurchased) for the same client.

### ***Prohibited Activities***

I act at all times in the best interest of my investment clients. A "conflict of interest" could arise if a supervised person takes action or has an interest that make it difficult to perform his/her duties and responsibilities to me.

Some instances of conflicts of interest could consist of an alleged "preference" by supervised persons of one client over another, accounts of related persons to me, size of investment account or accounts that a supervised person has invested. These types of favoritism constitute a breach of fiduciary duty and are not allowed.

Access and supervised persons are prohibited from using personal knowledge about pending or currently considered securities transactions to profit personally, directly or indirectly. Access persons are expressly prohibited from recommending or considering securities transactions for a client without disclosing material beneficial ownership, a business or personal relationship, or other material interest, without first reporting to the CCO. If the CCO determines that the disclosed interest is material, then access and supervised persons may not participate in the decision-making process regarding the securities in question.

### ***Political and Charitable Contributions***

Supervised Persons that make political contributions, in cash or in services, must report same to the CCO, who is responsible for making reports thereon as required under relevant regulations. Supervised persons cannot consider the Adviser's current or anticipated relationships in soliciting political or charitable donations. This policy does not relate to political or charitable gifts outside their scope of professional investment responsibilities.

### ***Gifts and Entertainment — Valued over \$200***

Supervised persons shall not accept inappropriate gifts, favors, entertainment, special accommodations or others gifts of material value that could influence their decision-making or leave them feeling beholden to a person or firm that offers same. Supervised Persons shall not offer gifts, favors, entertainment, special accommodations or other gifts of material value that could be viewed as overly generous or aimed at influence peddling or making a client feel beholden to me or that supervised person.

No supervised person may receive gifts, services, or material offerings of more than \$200 annually that does business with or on behalf of my business. Additionally, no supervised person may give or offer a gift of more than \$100 annually to any existing client, prospective client or any entity that does business with or on behalf of RCH.

Additionally, the receipt of an occasional dinner, sporting event ticket, theater or movie ticket, or comparable entertainment, shall be considered de minimis if the person or entity providing the entertainment is present.

All gifts received by supervised persons in the capacity with RCH shall be recorded in a Gifts and Entertainment log, whether given or received, according to the guidelines in this section.

Bribes and kickbacks are criminal acts and are strictly prohibited by law. Supervised persons must not offer, give or solicit any form of bribe or kickback.

### ***Service on Board of Directors***

**Supervised persons are not allowed to serve on the board of directors of any public company without prior authorization by the CCO. A director of a private company that goes public before the end of their term may be required to resign, either immediately or at the end of the term.**

### ***Confidentiality***

Supervised persons shall hold confidential all information acquired in the course of their employment with RCH, and shall not disclose such information, except when authorized or legally obligated to disclose such information. Supervised Persons may not use any confidential information acquired during employment for their personal advantage, including information relating to former clients. Supervised Persons must keep all client and former client information in strict confidence, including client identity, financial circumstances, security holdings and personal advice given to the client by RCH, unless the client gives consent to disseminate this information.

### ***Pre-Clearance***

For any activity requiring pre-clearance by the CCO:

- A written request must be submitted by requesting supervised person to CCO (e-mail is acceptable), detailing the specifics of the request and relevant information for proposed activity;
- CCO will respond in a timely fashion, in writing (e-mail is acceptable) to the requestor, giving approval or declining the request, or requesting additional information;

- Pre-clearance authorizations expire 48 hours after approval, unless otherwise noted by the CCO response;
- Records of pre-clearance requests and responses shall be maintained by CCO for monitoring purposes and to ensure the Code of Ethics procedures are followed.

### ***Personal Securities - Reporting and Monitoring***

All Supervised persons must report on a regular basis the following:

- Holding Reports reflecting Beneficial Ownership Interest
- Transaction Reports reflecting Beneficial Ownership Interest

I adhere to professional standards of conduct with and on behalf of my clients, maintain up-to-date knowledge on professional rules and regulations, abide by all applicable laws, and do not knowingly participate in any activities that would be in violation of any law or provision governing United States Registered Investment Advisers.

My professional Code of Ethics is available by calling my office (415) 482-8899.

### ***Item 12 – Brokerage Practices***

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I conduct periodic reviews of commission rates charged by various broker-dealers. Should a client choose to use a broker-dealer that has less attractive commission rates than another, I shall inform that client to allow the client an opportunity to house their assets with another broker-dealer. I may provide information about various broker-dealers and my fee structure experience with specific broker-dealers (should there be one in place) to a client but ultimately it is the client's responsibility to select their own broker-dealer.

I use either known to me or those chosen by the client. I believe that the brokers that I recommend provide the client with the variety of services needed at a fair price.

I may be provided with services furnished by broker/dealers that are not typically available to retail customers. These services are available to me as an independent investment adviser on an unsolicited basis. Brokerage services include the execution of securities transactions, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that could require a significantly higher minimum initial investment by individual investors. I may also have available to me products and services that are beneficial to my firm that may not directly benefit client accounts. These products and services assist me in managing and administering clients' accounts and include software and other technology that (i) provide access to client account data, (ii) facilitate trade execution and allocate



aggregated trade orders for multiple client accounts, (iii) provide research, pricing and other market data, (iv) facilitate payment of my management fees from client accounts and (v) assist with recordkeeping and client reporting functions. Other services may include compliance, legal and general business consulting information, and as such, I may take into account the availability of some of these products and services as part of the total mix of factors when I consider recommendations of a broker/dealer to my clients. My recommendations are meant to assist the client who is ultimately responsible for choosing his or her own broker/dealer.

From time to time I may make an error in submitting a trade order on behalf of a client. When this occurs, I may place a correcting trade with the broker-dealer that has custody of the account. If an investment gain results from the correcting trade, the gain will remain in the account unless the same error involved other client account(s) that should have received the gain, it is not permissible for account to retain the gain, or I confer with the client and the client decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the account, most custodians will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, I will pay for the loss. Usually a broker-dealer will maintain the loss or gain (if it is not retained in the client account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in an account, they may be netted.

### *Item 13 – Review of Accounts*

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All managed accounts are under continual review. In addition, a thorough review of each account is made at the time a particular security is considered for purchase or sale.

Communication with clients is important. Through contacts with the client I am able to establish a personal rapport that enables me to implement the proper strategy and focus on the individual investment objectives. Portfolio evaluations are provided to clients quarterly. These reports present a full breakdown of portfolios showing diversification, cost basis of securities and current market value. I urge my clients to compare these quarterly portfolio evaluations to the custodial statements received from their broker/custodian for accuracy, noting that temporary differences may be present should trades be pending settlement on the date statements are generated by the broker/custodian, or minimal price per share variations that I obtain from an outside source responsible for providing daily market closing information to my office.

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

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My existing client base consists of persons known to me who may refer others, or other non-investment advisory professionals with whom I may have contact or transact

business that refer investment advisory clients to me. There is no compensation, financial or otherwise, that I pay for referring new investment clients.

### *Item 15 – Custody*

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I do not physically handle cash or securities. Accounts are usually domiciled under either bank or brokerage firm custodianship. Clients may, however, maintain possession of their securities if they so desire.

Under Rule 206(4)-2 of the Investment Advisers Act of 1940, the Securities and Exchange Commission issued guidance in 2017 to further protect investors from investment asset misappropriation. The SEC has deemed an investment advisor to have custody of client assets if the client gives them authority to request third-party wire transfers out of the client's account under a Standing Letter of Authorization ("SLOA"). This custody arrangement will exist for any of my clients requesting this professional service and only if a designated third-party has no affiliation with me, the client's investment adviser. Further, these clients will be required to (1) identify the third-party recipient of the funds as well as the account number receiving the assets, and (2) provide written authorization signed by the client extending authority for me to act on their behalf through the SLOA. I will provide this SLOA information to the client's account custodian, who will verify the information and confirm to the client in writing the SLOA instructions received. I will also maintain records verifying that this third-party recipient is not affiliated and does not share an address with me. Subsequent requests received from a client asking me to again act upon the SLOA will be directed from my office to client's account custodian (either electronically or telephonically), and each time will be followed up by written confirmation from client's custodian to the respective client on this existing third-party SLOA. This professional service can be terminated by the client or me at any time, and said termination is effective immediately upon notification to the account custodian.

### *Item 16 – Investment Discretion*

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I manage client accounts on a discretionary basis. Given my long-term investment philosophy, I believe that stockbroker commissions have a very small impact upon clients' rate of return. I do not receive any commission income from broker transactions. Unless there is an obvious advantage in pooling client orders, I will place client orders with brokers separately and in such a manner as to avoid competing among ourselves.

Since orders may be placed with different brokers, often on the same day, prices may vary from client to client. I own some of the same securities invested in by my clients and, in trades for the same securities, I will execute clients' transactions before my own (or my family members) transactions.

### *Item 17 – Voting Client Securities*

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I may hold voting power of proxy statements on securities owned by my clients (at their discretion). I do not manage investment assets for any public company in which it invests client or supervised persons' funds thereby avoiding any material conflict of interest when voting proxy shares. After extensive review of voting materials and ancillary documents relating to any action to be voted, I vote shares to serve the best interests of clients, as well as personal holdings should Richard C. Hoertkorn and/or any supervised persons own the same securities. In the future, if I were to contract with a public company to provide investment advice, I would notify all existing clients of this relationship in writing prior to investing client funds or voting client proxies in this public company. I maintain written policies and procedures for voting proxies, and shall retain voting records, all of which are available upon any client's request.

I do not manage investments for any public company in which a client's (or my personal) funds are invested, thereby avoiding any material conflict of interest when voting proxy shares.

In general, I tend to vote against corporate governance proposals that lead to excessive dilution, options awarded below-market discounts, restricted stock giveaways that reward tenure vs. performance, sales of shares on concessionary terms and swap programs among other issues. I also evaluate all merger and acquisition proposals on a case-by-case basis to determine the economic merits and potential conflicts between management and shareholder interests, and the impact on employees, communities and other "stakeholders".

I usually vote "for" social issues that may include equality, global corporate accountability, responsible finance proposals (non-predatory lending practices) and international health for under and uninsured individuals in developing countries.

I retain records of my proxy voting history, and a client may discuss with me my specific voting history regarding any company. I retain voting records for five years within the guidelines of the SEC.

My Proxy Voting Guidelines brochure is available by calling my office (415) 482-8899.

### *Item 18 – Financial Information*

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This item is not applicable as I do not bill fees six months in advance and have no adverse financial obligations that would impair my ability to meet contractual obligations to my clients.

### *Item 19 – Requirements for State-Registered Advisers*

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I am registered with the SEC as an investment adviser; therefore, this item is not applicable to me.

RICHARD C. HOERTKORN  
1112 SIR FRANCIS DRAKE BLVD.  
KENTFIELD, CA 94904

Phone: 415.482.8899

BROCHURE SUPPLEMENT PART 2B FORM ADV

COVER PAGE

Supervised Person:

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Phone: 415.482.8899

This Brochure supplement provides additional information about Richard C. Hoertkorn, the sole proprietor of Richard C. Hoertkorn that provides investment advisory services, and is registered as an investment adviser with the United States Securities and Exchange Commission, pursuant to Rule 204-3(b)(3), as required by Part 2 of Form ADV. You should have received a copy of that Brochure; if you did not receive the Brochure, please contact LaDonna Dorsey, [ldorsey66@comcast.net](mailto:ldorsey66@comcast.net), or if you have any questions about the contents of this supplement.

Educational Background and Business Expertise

Mr. Hoertkorn, born in 1943, is an independent investment adviser and has been the sole proprietor of Richard C. Hoertkorn investment advisory services since registering with the United States Securities and Exchange Commission in 1972.

Mr. Hoertkorn is also the Chief Operating Officer/Secretary of a non-public, family owned real estate investment and management business in the San Francisco Bay Area since 1972.

Mr. Hoertkorn graduated from San Jose State College, and attended graduate school at San Francisco State University.

Disciplinary Information

Not Applicable.

Other Business Activities

See Educational Background and Business Expertise above.

Additional Compensation

Mr. Hoertkorn receives a salary through his private, family-owned real estate investment and management business as Chief Operating Officer/Secretary and a monthly stipend as director of said private business.

Supervision

Not Applicable.

Requirements for State-Registered Advisers

- A1. Not Applicable.
- A2. Not Applicable.
- B. Not Applicable.