

Richards, Merrill & Peterson, Inc.

Client Brochure

This brochure provides information about the qualifications and business practices of Richards, Merrill & Peterson, Inc.. If you have any questions about the contents of this brochure, please contact Steve Larson at (509) 624-3174 or by email at: slarson@rmpinvest.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 Richards, Merrill & Peterson, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Richards, Merrill & Peterson, Inc.'s CRD number is: 713

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

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Item 2: Material Changes

The following material changes to our Disclosure Brochure since our last annual update filing on March 25, 2019 have been made:

- Item 4: Our assets under management have been updated

Item 3: Table of Contents

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Item 4: Advisory Business

A. Description of the Advisory Firm

Richards, Merrill & Peterson is a full-service Broker-Dealer. The Advisory practice of the firm has been in business since July 17, 2000, and the principal owners are Steve Larson and John Larson. All Advisory personnel are dually registered as Registered Representatives and Investment Adviser Representatives.

B. Types of Advisory Services

Richards, Merrill & Peterson, Inc. (hereinafter "RMP") offers the following services to advisory clients:

Investment Supervisory Services

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

- Investment strategy
- Asset allocation
- Risk tolerance
- Financial Planning
- Personal investment policy
- Investment selection (discretionary or non-)
- Portfolio monitoring/management
- Retirement Plan consulting services

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

Financial Planning Services

RMP offers financial planning services to both prospective and existing Clients. Prior to preparing financial planning advice the Investment Advisor will obtain information about client. Such information will generally include:

- Current financial situation, including the amount and nature of assets and liabilities, the amounts and sources of current and anticipated income, the amounts and types of current and projected expenses
- Current and long-term financial goals, objectives and desires

- Risk tolerance

After information is obtained and analyzed, client will be presented with a Personal Financial Review report. This report generally includes any or all of the following as applicable: a summary of financial goals, an analysis of personal net worth, current asset mix, education & retirement planning to determine savings required, retirement security analysis, estate planning consideration and a summary action plan.

Financial planning advice may involve recommendations regarding general asset classes such as equities, debt, government securities, or other general types of investment vehicles in which client may invest. Investment techniques and strategies recommended in a financial plan generally will involve long-term or short-term holdings depending on Client's financial goals and objectives.

Services Limited to Specific Types of Investments

RMP limits its money management to mutual funds, equities, bonds, ETFs, REITs, government securities and certificates of deposit. RMP may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

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

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

D. Wrap Fee Programs

RMP does not participate in any wrap fee programs.

E. Amounts Under Management

RMP has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$88,414,482	\$95,793,726	12/31/2019

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Fees are charged based on account value at the end of the calendar quarter which represents billing for the next quarter. Fees are paid quarterly in advance, and clients may terminate their contracts with written notice. Initial billing will be prorated if contract is established in an interim period. Billing starts when the account is funded based on remaining number of days in the quarter. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with the client written authorization. In addition to the above fees, the client is responsible for the payment of transaction and other account fees to the custodian. Fees charged to 401k plan participants are at a negotiated rate and paid directly by the Third Party Administrator.

RMP offers two different advisory programs. One provides more diversity among investment options and quarterly contact with the adviser (noted as IA 1). The other program provides mutual fund modeled portfolios only, with a minimum annual contact with adviser (noted as IA 2).

The general fee schedule for IA 1 is as follows (fees are negotiable):

\$100M-\$ 250M	1.00%
\$250M-\$500M	0.95%
\$500M-\$1MM	0.80%
\$1MM-\$3MM	0.75%

\$3MM+	0.67%
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The general fee schedule for IA 2 is as follows (fees are negotiable):

\$0-\$ 25M	0.90%
\$25M-\$50M	0.85%
\$50M-\$100M	0.80%
\$100M+	0.75%

Client shall be given thirty (30) days prior written notice of any increase in fees and the fee increase will be reflected in an amended contract authorized by the client in writing.

Advisory fees noted above for IA1 accounts includes consulting and financial planning services. Advisory fees for IA2 do not include financial planning. Financial planning fees to non-advisory accounts are an initial fee of \$1000 and \$1000 for each update.

Client should note that lower fees for comparable services may be available from other sources.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance. In addition to the above fees, the client is responsible for the payment of transaction and other account fees to the custodian.

C. Clients Are Responsible for Third Party Fees

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

D. Prepayment of Fees

RMP collects advisory fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned to the client via check or deposited back into client's account.

E. Outside Compensation for the Sale of Securities to Clients

All Investment Adviser Representatives of RMP are also Registered Representatives. In their role as **Registered Representatives** they accept compensation for the sale of securities to RMP clients.

1. Conflict of Interest

As a Broker/Dealer, RMP and its supervised persons will accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds to its brokerage clients. This does not represent a conflict of interest to advisory clients as IAR will use no-load funds and other investments without charging commissions to advisory accounts.

Receipt of commissions from insurance products also does not create a conflict of interest because the insurance product is not included in billable advisory assets. Thus, there is no additional (duplicate) compensation.

2. Clients Options to Purchase Recommended Products from Other Brokers

The client is under no obligation to act upon the investment advisor's recommendation or to effect transactions through the Investment Advisor. However, if client chooses to purchase investments directly, then client will not receive any investment advice from RMP including assistance in developing an investment strategy, selecting securities, monitoring performance and making changes as necessary.

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

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

Item 7: Types of Clients

RMP generally provides management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ 401k and Profit-Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

Minimum Account Size

There is no account minimum for IA 1 or IA 2.

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

A. Methods of Analysis and Material Risks Involved

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

Charting analysis involves the use of patterns in performance charts. RMP uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security. A material risk with this analysis is that patterns do not repeat themselves consequently leading to different investment results than reasonably anticipated.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Material risks with this analysis are misinterpretation of the financial data, change in financial health of company, and change in company management.

Technical analysis involves the analysis of past market data; primarily price and volume. Material risk with this analysis are that not all technical signals work and patterns and indicators that work for a particular stock may not work for another.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security. A material risk with this analysis may be in anticipating turning points that don't happen or turning points change.

RMP uses Long -Term Trading and Short-Term Trading strategies.

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

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

B. Investment Strategies and Risks of Specific Securities Utilized

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

Material risks associated with investments used are as follows:

Mutual funds ~ primary risk is market conditions

Equities ~ primary risk is market conditions

Bonds ~ primary risks are interest rates, maturity and credit quality

ETFs ~ primary risk is market volatility

REITs ~ primary risks are sector related issues and interest rates

Government securities ~ primary risks are declining credit ratings and change in interest rates.

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

Item 9: Disciplinary Information

The firm entered into a consent order with the state of Nebraska and paid a fine of \$8,500 for violation of Nebraska's rules governing broker-dealer registration. This matter resolved by consent order executed on 6/16/15.

The firm entered into a consent order with the state of Oregon and paid a fine of \$12,500 and investigation costs of \$2,500. Paid in full on 3/9/16 for violations of ORS 59.165(1) and ORS 59.165(3). This matter resolved by consent order executed on 3/10/16.

The firm entered an acceptance, waiver and consent order on 4/11/16 in violation of MSRB Rules G-15(f) and G-17. A fine of \$45,000 was paid in full on 4/28/16.

The firm entered into a consent order with the state of Texas and paid a fine of \$30,000 for violation of Texas' rules governing broker-dealer registration. This matter resolved by consent order executed on 9/14/16.

The firm entered an acceptance, waiver and consent order on 4/11/16 in violation of MSRB Rules G-15(f) and G-17. A fine of \$45,000 was paid in full on 4/28/16.

The Firm entered into a consent order with the state of Texas and paid a fine of \$30,000 for violation of Texas' rules governing broker-dealer registration. This matter resolved by consent order executed on 9/14/16.

Item 10: Other Financial Industry Activities and Affiliations

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

In addition to an Investment Advisory firm, Richards, Merrill & Peterson is registered as a full-service broker dealer. All representatives of RMP are registered representatives under the broker dealer. Under the broker dealer registration, representatives offer clients investment products that may pay a commission. Securities offered under the broker dealer do not require the representative to abide by a fiduciary standard and may involve a conflict of interest. Clients have the option to establish an investment plan under the broker dealer or the investment advisory.

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

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

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

Tom Kendall is a licensed insurance agent. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. RMP always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of RMP in their capacity as an insurance agent.

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

RMP does not utilize third party managers.

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

A. Code of Ethics

We have a written Code of Ethics that cover the following areas: Prohibited Purchases and Sales (insider trading), Personal Securities Transactions (Procedures and Reporting, Initial Public Offerings, Limited or Private Offerings), Miscellaneous Restrictions (margin accounts, short sales), Prohibited Activities (conflicts of interest, service on board of directors, gifts & entertainment, confidentiality), Compliance Procedures (with laws & regulations), Certificate of Compliance (initial certification, acknowledgement of amendments, annual certification), Reporting Violations, Compliance Officer Duties (training and education, recordkeeping, annual review, sanctions). Clients may request a copy of our Code of Ethics from management.

B. Recommendations Involving Material Financial Interests

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

C. Investing Personal Money in the Same Securities as Clients/at or Around the same time

From time to time, representatives of RMP may buy or sell securities for themselves that they also recommend to clients at or around the same time as clients. The Operations Manager receives notice of internal purchases and internal trade blotters are reviewed daily to ensure no conflict of interest between representative and client. With regard to fixed income products, clients' liquidity needs and best execution will always precede any internal trading.

Item 12: Brokerage Practices

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

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. RMP will never charge a premium or commission on advisory transactions, beyond the actual cost imposed by Custodian.

1. Research and Other Soft-Dollar Benefits

RMP pays for research, service and trade execution from a third-party in connection with client securities transactions. However, such services are not paid for using commission dollars as part of a soft dollar commission arrangement.

2. Brokerage for Client Referrals

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

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

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

B. Aggregating (Block) Trading for Multiple Client Accounts

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

Item 13: Reviews of Accounts

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

IA1 accounts are reviewed quarterly by the Investment Advisor and supervised by a firm principal. IA2 accounts are reviewed at least annually by Investment Advisor and annually by firm principal. Clients' accounts are reviewed with regards to their investment policies, risk tolerance levels and performance comparison to benchmarks.

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

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

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly a written report detailing client's holdings, which may come from the custodian.

Item 14: Client Referrals and Other Compensation

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

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

B. Compensation to Non – Advisory Personnel for Client Referrals

RMP does not directly or indirectly compensate any person for client referrals.

Item 15: Custody

Wells Fargo Clearing Services, LLC or designated custodian takes custody of client accounts. Clients will receive account statements from the custodian and should carefully review those statements. RMP urges clients to review statements.

Item 16: Investment Discretion

RMP does not have the authority to determine, without obtaining specific client consent, securities to be bought or sold, or the amount of securities to be bought or sold. Clients may elect full discretion or non-discretion in the contract when initiated or amended.

Item 17: Voting Client Securities (Proxy Voting)

RMP will not ask for, nor accept voting authority for client securities. RMP will not take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the Account may be invested from time to time except as may be otherwise required by law. Clients will receive proxies directly from the issuer of the

security or the custodian. Investment Adviser Representatives will direct all client proxy questions to the investor relations website or phone number for that particular security.

Item 18: Financial Information

A. Balance Sheet

RMP does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

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

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

C. Bankruptcy Petitions in Previous Ten Years

RMP has not been the subject of a bankruptcy petition in the last ten years.