

## **Investment Adviser Brochure Part 2A**

**Fountainhead Financial Management, Inc.**  
**301 North Center Street**  
**Northville, MI 48167**  
**Main Telephone No. 248-347-7424**  
**General Website:**  
**[www.fountainheadfinancial.com](http://www.fountainheadfinancial.com)**

**This brochure provides information about the qualifications and business practices of Fountainhead Financial Management, Inc. If you have any questions about the contents of this brochure, please contact us at 248-347-7424 and/or [www.fountainheadfinancial.com](http://www.fountainheadfinancial.com)**

**The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Financial Planning offered through Fountainhead Financial Management, Inc. a Registered Investment Adviser, not affiliated with LPL Financial LLC.**

**Additional information about Fountainhead Financial Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

**The use of the term "registered investment adviser" does not imply a certain level of skill or training.**

**February 21, 2020**

## **Item 2 – Material Changes**

At least annually, this section will discuss only specific material changes that are made to the Fountainhead Financial Management, Inc. ("FFM") brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this brochure will be provided.

Our last annual amendment occurred on March 21, 2019. Since that date, no material changes have been made to our brochure or brochure supplement.

A copy of our updated brochure and brochure supplement is available to you free of charge and may be requested by contacting us at 248-347-7424 and/or [rich@fountainheadfinancial.com](mailto:rich@fountainheadfinancial.com).

Additional information about Fountainhead Financial Management is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The IARD number for Fountainhead Financial Management is 129920. The SEC's website also provides information about any persons affiliated with Fountainhead Financial Management who are registered, or are required to be registered, as Advisory Representatives of Fountainhead Financial Management.

## Item 3 – Table of Contents

Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	6
Item 6 – Performance-Based Fees and Side-By-Side Management.....	8
Item 7 – Types of Clients .....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 8.A – Frequent Trading of Securities.....	12
Item 8.B – Material Risks of Particular Securities.....	12
Item 9 – Disciplinary Information.....	14
Item 9.A – Criminal or Civil Actions.....	15
Item 9.B – Administrative Proceedings.....	15
Item 9.C – Self-Regulatory Organization (“SRO”) Proceedings.....	15
Item 10 – Other Financial Industry Activities and Affiliations .....	15
Item 10.A – Broker-Dealer Registration.....	15
Item 10.B – Futures Commission Merchant/Commodities.....	15
Item 10.C – Relationships with Related Persons .....	16
Item 10.D – Relationships with Other Advisers.....	16
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	16
Item 11.A – Code of Ethics.....	16
Item 11.B – Participation or Interest in Client Transactions.....	17
Item 11.C – Personal Trading by Associated Persons.....	17
Item 11.D – Conflicts of Interest with Personal Trading by Associated Persons.....	18
Item 12 – Brokerage Practices.....	18
Item 12.A – Factors in Selecting or Recommending Broker-Dealers.....	18
Item 12.A1 – Research and Other Soft Dollar Benefits .....	18
Item 12.A2 – Brokerage for Client Referrals .....	18
Item 12.A3 – Directed Brokerage.....	18
Item 12.B – Trade Aggregation.....	19
Item 13 – Review of Accounts .....	19
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody.....	19
Item 16 – Investment Discretion .....	20
Item 17 – Voting Client Securities.....	20
Item 18 – Financial Information.....	20
Item 19 – Requirements for State-Registered Advisers .....	20

## **Item 4 – Advisory Business**

Fountainhead Financial Management, Inc. (“the Adviser” “FFM”) has been in business since 1996. The principal owner is Richard Probst.

### **Assets Under Management**

The Adviser does not manage assets.

### **Financial Planning & Consulting Services**

The Adviser provides financial planning and consulting services, general investment advice and financial management advice consistent with client financial and tax status, in addition to risk profile and return objectives.

Comprehensive financial planning services generally include budgetary, estate, tax, business and other planning services as needed. The Adviser starts the comprehensive financial planning process by taking a financial inventory. This generally involves gathering enough data to perform an analysis of client liabilities, cash flow and net worth analysis, and tax assessments. The Adviser also evaluates client insurance coverage and needs in addition to developing risk profiles and return objectives. The Adviser’s next step typically involves assisting clients with formalizing their goals and plotting their investment timeline.

### **401K Participant Allocation Advice**

FFM provides custom tailored allocation advice for individual participants of corporate 401K and non-profit 403B retirement plans. On a quarterly basis, FFM produces asset allocation recommendations specific to the participating clients’ 401K/403B retirement plan. Recommendations are based on the available investments in their plan, quantitative calculations related to broad market asset classes, and the client risk tolerance. Client is free to follow or disregard allocation advice provided.

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

FFM generally limits its investment advice to mutual funds, ETF’s, equities and fixed income securities, insurance products including annuities and non-U.S. Securities, although FFM primarily recommends adaptive-tactical asset allocation of investments available in their plan to a majority of its clients. FFM uses other securities as well, as needed, to help diversify a portfolio where applicable.

## **IRA Rollover Considerations**

As part of our financial planning services, we provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. When appropriate, we recommend that you withdraw the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). You are under no obligation, contractually or otherwise, to complete the rollover.

Some employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Roll over the funds to a new employer's retirement plan.
3. Cash out and take a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak with your financial advisor, CPA and/or tax attorney.

Before rolling over your retirement funds to an IRA, carefully consider the following.

NOTE: This list is not exhaustive.

1. Determine whether the investment options in your employer's retirement plan address your needs or whether other types of investments are needed.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities or previously closed funds.
2. Your current plan may have lower fees than the new IRA.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services available through an IRA provider and their costs.
  - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. If your plan offers management services, the fee associated with the service may be more or less than the new IRA.
3. The IRA provider's strategy may have higher risk than the option(s) provided to you in your plan.

4. Your current plan may offer financial advice, guidance, management, and/or portfolio options at no additional cost.
5. If you keep your assets titled in a 401k or retirement account, and you are still working, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies; however, there can be exceptions. Consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, prior to age 59 ½, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses, or a home purchase.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire another firm as the manager and keep the assets titled in the plan name.

It is important that you understand your options, their features and differences and decide whether a rollover is best for you. If you have questions, contact us at our main number listed on the cover page of this brochure.

## **Item 5 – Fees and Compensation**

### **Financial Planning & Consulting Fees**

The Adviser charges clients an hourly or fixed fee for financial planning and consulting services. Fees are based on the complexity of the plan or project and the range of services provided. The fee for developing a full financial plan is between \$1,500 and \$20,000 based on the complexity of the plan. The fee for a partial or single module of the full financial plan (i.e., "Retirement Income Plan" or "Estate and Tax Planning") is \$750 per module. Fixed fees may be negotiated based on an estimate of the time and resources needed to complete a project and/or an estimate of the value derived from the advisors expertise and experience. In certain circumstances fees include a charge for expenses.

The Adviser provides financial consultations for specific purposes at the rate of \$300 per hour, billed in 15-minute increments.

The Adviser provides clients with an estimate of the amount of time that a plan or project will take. Fixed fees are due upon delivery of the financial plan or completion of the service. Hourly fees are billed and are due as services are performed.

If clients elect to implement recommendations made in a financial plan their accounts will incur transaction costs, retirement plan administration fees, and other mutual fund annual expenses. These fees are in addition to and separate from planning and consulting fees.

The Adviser considers fees for financial planning or consulting projects to be earned as progress is realized toward creation of the plan or completion of the service. Under no circumstances will the Adviser earn fees in excess of \$500 more than 6 months in advance of services rendered.

A planning or consulting client will have a period of five (5) business days from the date of signing an agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing the Adviser with written notice prior to delivery of the plan or completion of the service. Once the Adviser receives written notice of client termination, the Adviser will prorate fees to the date of termination for purposes of making refunds.

Investment recommendations and advice offered by the Adviser are not legal advice or accounting advice. Clients should coordinate and discuss the impact of financial advice with an attorney and/or accountant. Clients are required to inform the Adviser promptly with respect to any changes in financial status or investment goals and objectives.

#### **401K Participant Allocation Advice Fees**

The Adviser charges clients a fixed fee for custom allocation advice for individual participants. The fee for custom allocation advice and analysis of available investments in clients' 401K/403B retirement plan is between \$300 and \$20,000. Fixed fees may be negotiated based on the complexity of the retirement plan, the time and resources needed to provide custom advice and/or an estimate of the value derived from the advisers expertise and experience.

Fixed fees are due upon delivery of the quarterly allocation advice and billed quarterly. If clients elect to implement recommendations made in a 401K or 403B retirement plan, their accounts will incur transaction costs, retirement plan administration fees, and other mutual fund annual expenses. These fees are in addition to and separate from allocation advice fees.

#### **Receipt of Additional Compensation**

Investment adviser representatives receive brokerage or mutual fund trail commissions for the sale of securities to clients, in their capacity as registered representatives of a broker-dealer. This practice presents a conflict of interest as it provides an incentive to recommend investment products based on the compensation received. The Adviser monitors trading practices and regularly reviews client securities transactions to protect

clients against this conflict of interest. Clients are advised that they are not required to purchase or sell securities through the investment adviser representatives acting in the capacity of registered representatives of a broker-dealer and may purchase the same securities or products from an unaffiliated broker-dealer.

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

The Adviser does not charge or receive, directly or indirectly, any performance-based fees and therefore does not engage in side-by-side management.

## **Item 7 – Types of Clients**

The Adviser provides advisory services to:

- Individuals
- Trusts, estates or nonprofit organizations that may include charitable organizations, social welfare organizations, agricultural/horticultural organizations, labor organizations, business leagues or trade associations and entities that operate for purposes that are religious, artistic, literary, charitable, scientific, educational or in the interest of public safety.

## **Account Minimums**

The Adviser does not impose a minimum account requirement on clients.

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

The Adviser creates a financial plan that includes investment goals, an outline of investment strategies, and defines the investment parameters for each client. For 401K Participant Allocation Advice, the Adviser creates an Investment Policy Statement (IPS) as a guideline for asset allocation in a company 401K/403B retirement plan. The IPS describes the process for recommending investments in a company 401K or 403B retirement plan, and a proportion of equity investments vs. fixed investments. These proportions vary within a defined range depending on the IPS which includes the current and projected investment climate and, the client's tolerance for risk compared to the opportunity for gain. A financial plan and Investment Policy Statement are based on the information that the client has provided and the data the Adviser has gathered regarding the client's investment objectives, personal and financial status, and risk profile.

The Adviser recommends one or a combination of assets and investment strategies as follows:



## **Funds**

The Adviser recommends the use of index and actively managed mutual and Exchange Traded funds. The Adviser recommends index funds based on how closely the funds' characteristics mirror the index they track.

The Adviser analyzes actively managed funds by comparing funds that target the same market sector such as foreign or domestic, and small, medium or large companies with the same investment style, using prospectuses and other sources of information.

Reviews include:

- Rank in Category over various periods
- Return Rating
- Risk Rating
- YTD Return – Outsize swings in comparisons to peers can be a sign of risky practices such as placing large bets on certain sectors of the market
- 1 Yr Return
- 3 Yr Return
- 5 Yr Return – Typically over a 5-year period, the economy experiences a complete cycle. However, how a manager operates in various economic environments reflects the manager's ability to make adjustments or stay the course.
- Loads
- Total Expense Ratio
- Net Assets
- Turnover
- Median Market Capitalization
- Morningstar Rating.

The Adviser also takes the manager or management team tenure under consideration to determine who was responsible for generating the performance numbers.

## Public Securities

### Fundamental Analysis

The Adviser uses fundamental analysis. Fundamental analysis involves predicting the price movement of an asset based on measures that are related to the underlying business. This method is used to judge the performance of management. It is important to note that things outside of management's control can impact performance. Comparing the margins of the company and its relative performance to that of two or three of its peers will give an idea whether the performance is potentially outside of management's control.

The Adviser gathers company information from:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports and other filings with the Securities and Exchange Commission — Management ownership, management compensation, stock options, institutional ownership, etc.
- Company press releases.

#### *Financial information:*

The health of a company is reflected in its financial statements and other financial information. Although potential red flags can be identified, statements are often backward-looking and information can be manipulated even using acceptable accounting practices. The Adviser typically reviews the following:

- Annual audited and unaudited financial statements as well as interim statements (monthly or quarterly) for the current year
- Auditors' annual reports
- Schedule of state and local jurisdictions in which the company currently files tax returns and pays taxes, including income, property, payroll and sales, use taxes and any settlements and liens
- Schedule of completed tax examinations/audits from the past 5 years and all tax examinations/audits in progress or scheduled to be performed
- Loan agreements, lines of credit, promissory notes, indentures and other debt instruments, including notes payable and guarantees (by or in favor of the company), and any other agreements collateralized or secured by the assets
- Any budget and financial projections
- Extraordinary income or expense details

- Explanation of any material write-downs or write-offs
- A summary of bad debt and outstanding contingent liabilities
- Capitalization, warrants, option agreements and covenants
- Product or service pricing plans and policies.

Evaluating the liquidation value of a company is as important as analyzing financial health.

Generally accurate valuation of real estate leases, deeds, mortgages, title policies, surveys, zoning approvals, variances or use permits, copyrights, patents and patent applications, trademark and trade names material consulting agreements, agreements regarding inventions, and licenses or assignments of intellectual property and other assets, will be vital.

*Products and Services:*

Businesses make money by selling products and services. Evaluating a business involves analyzing its current products or services, products or services under development and the factors that can impact them. These include regulatory approval or disapproval and related commentary, results of tests, evaluations, studies, surveys, and other data regarding existing products or services and those under development, largest customers, advertising programs, marketing plans and research reports, surveys, and marketing materials, and major competitors.

*Litigation and Liabilities:*

Pending or anticipated litigation, injunctions, consent decrees, settlements or judgments, labor disputes, grievance procedures, complaints or warranty claims, and regulatory proceedings can have an adverse impact on the performance of a company both short and long term. In addition, any guaranty to which the company is a party creates potential liability.

The actual or potential impact can be mitigated through the use of general liability, personal and real property, product liability, errors and omissions, key-man, directors and officers, worker's compensation, and other insurance.

**Technical Analysis**

The Adviser uses technical analysis. Technical analysis involves predicting the price movement of an asset based on factors unrelated to the underlying business (price, volume, and open interest, among other factors, to detect and interpret patterns to predict the movement of individual securities, an industry or the broad market).

Charting is a subsector of technical analysis and also focuses on predicting price movements of assets based on patterns that are formed by the price movements.

## **Debt**

Debt is issued by federal, state and foreign governments and corporations to finance their operations. Public corporations can also issue equity securities. Debt represents a promise to repay the principal a firm receives and interest until repayment according to the terms and conditions of the debt instrument. Debt obligations offer limited participation in the upside of a business. In exchange holders receive interest and a position that is generally senior to equity in a bankruptcy.

Fundamental analysis of debt also involves analyzing the current yield, yield to maturity, yield to call, call and default risks, and interest coverage because of the characteristics of the investment and greater expectations of safety.

## **Private Securities**

Some securities are acquired in unregistered, private sales from the issuer or from an affiliate of the issuer typically through Regulation D or other private placement offerings or employee stock benefit plans, as compensation for professional services, or in exchange for providing start-up capital.

Clients are advised that investing in securities involves the risk of loss of the entire principal amount invested including any gains. Clients should not invest unless they are able to bear these losses. Any of the above investment strategies may lead to a loss on investments, especially if the markets move against the Client. In addition, investing carries with it the risk of missing out on more favorable returns that could be achieved by investing in alternate securities or commodities.

### **Item 8.A – Frequent Trading of Securities**

The Adviser is not involved in the frequent trading of securities.

### **Item 8.B – Material Risks of Particular Securities**

The Adviser doesn't recommend investing in any type of security that involves significant or unusual risks except for the following that present material risks to investors:

**Small and micro-cap equity securities** (shares in companies that have a market capitalization of less than \$500 million) – Small and micro-cap stocks are stocks in companies that tend to have smaller market capitalization. Share prices can be extremely volatile and are prone to great fluctuations. This is primarily because of their smaller capitalization, which can allow stock prices to be more easily influenced by a small number of large trades. This potential volatility presents a material risk for investors who could quickly lose a large part of their investments during a brief market downturn.

**Municipal securities** – Municipal securities are backed by either the full faith and credit of the issuer or by revenue generated by the specific project (like a toll road or parking garage) for which the securities were issued. The latter type of securities could quickly lose value or even become virtually worthless if the expected project revenue does not meet expectations.

**Options contracts** – An option is a contract that gives the buyer the right and the seller the obligation to buy or sell stock or futures contracts at a specific price for a set period of time. Options trading can present some or all of the following material risks (not an exclusive list):

Option sellers receive fixed compensation in exchange for accepting an obligation to buy or sell an underlying asset at a price that can fluctuate widely.

Securities price movement can make exercising options financially impractical and the options would expire worthless. This would result in the loss of the entire amount used to purchase the options.

Options sold may be exercised at any time before expiration requiring the seller to purchase or sell underlying securities at an unfavorable price.

Sellers of naked positions run margin risks if the position goes into significant losses (i.e., liquidation of positions by the broker).

Sellers of call options can lose more money than a short seller of that stock on the same rise on the underlying stock.

Call options can be exercised outside of market hours inhibiting remedies that can be taken by the seller of those options.

Sellers of stock options are obligated to buy or sell securities upon exercise even if a trading market is not available or they are unable to perform a closing transaction.

The value of the underlying stock may unexpectedly increase or decline, leading to automatic exercises of options against the seller.

Options markets have the right to halt trading of options, thus preventing investors from realizing value.

**Futures contracts** (on tangibles and intangibles) – A futures contract is a standardized, transferable, exchange-traded contract that requires delivery of a commodity, bond, currency, or stock index, at a specified price, on a specified future date. Unlike options (which the holder may or may not choose to exercise), futures contracts convey an obligation to purchase the underlying asset at a set future date. The holder of a futures contract must have sold it by that date or be prepared to pay for and take delivery of the underlying asset.

Material risks can include, but are not limited to the following:

Futures contracts have a margin requirement that must be settled daily.

There is a risk that the market for a particular futures contract becomes illiquid. This could be the case if a futures price has increased or decreased by the maximum allowable daily limit (and therefore, no one is willing to buy or sell a particular futures contract).

The market price for a particular commodity or underlying asset might move against the investor requiring that the investor sell futures contracts at a loss.

**Partnership interests** (real estate, oil and gas interests) – Investment partnerships are typically composed of a limited number of partners and at least one general partner. The liability of the limited partners is restricted to the amount of each partner's investment.

The liability of the general partner is theoretically unlimited and extends beyond the amount invested to personal or corporate assets. Because of this increased exposure, the general partner manages the partnership, makes the investment decisions and receives fees and a higher portion of the return on partnership investments.

Because of the nature of the limited partnership structure partnership investments should be considered long term and illiquid. There are usually no secondary markets in which these types of investments trade. Therefore, if the value of the underlying assets should decline, the value of partnership shares would also decline and unlike other types of securities, an investor may find it hard to quickly sell shares in an illiquid market.

The Adviser provides advice on limited partnership interests including but not limited to: Equipment Leasing, Research & Development, Cable TV, Venture Capital, Mortgage Pools, Managed Futures and any other business or industry that solicits money, cash flow, or tax shelter basis, to fund its operations.

The Adviser also provides investment advice concerning privately held interests in residential or commercial real estate or other business interests held primarily for investment.

Clients should consult the Adviser if they have questions concerning the basic characteristics of these or other investment products or about the risks and potential rewards of investing.

## **Item 9 – Disciplinary Information**

The Adviser does not have any disciplinary information to disclose.

### **Item 9.A – Criminal or Civil Actions**

Neither the Adviser nor any management person has been found guilty of or has any criminal or civil actions pending in a domestic, foreign or military court.

### **Item 9.B – Administrative Proceedings**

Neither the Adviser nor any management person has any administrative proceedings pending before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### **Item 9.C – Self-Regulatory Organization (“SRO”) Proceedings**

Neither the Adviser nor any management person have been found by any SRO to have caused an investment-related business to lose its authorization to do business, or to have been involved in a violation of the SRO’s rules, or were barred or suspended from membership or from association with other members, or were expelled from membership, otherwise significantly limited from investment-related activities, or fined more than \$2,500.

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

### **Item 10.A – Broker-Dealer Registration**

#### **Broker Dealer**

Associated persons are registered securities representatives of LPL Financial, a registered broker-dealer, member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

In their capacity as registered representatives, associated persons of the Adviser recommend securities or other products and receive normal transaction costs, commissions or other compensation. Thus, a conflict of interest exists between the interests of the associated persons and those of the advisory clients.

However, clients are under no obligation to act upon any recommendations of the associated persons or affect any transactions through the associated persons if they decide to follow the recommendations.

### **Item 10.B – Futures Commission Merchant/Commodities**

#### **Commodity Broker**

Richard Probst holds a Series 3 license and is an NFA registered Associated Person (“AP”) with LPL Financial LLC, an independent introducing broker. LPL Financial LLC commodity trades are executed through ADM Investor Services, a registered futures commission merchant. LPL Financial LLC commodity clients open and maintain their

commodity accounts with ADM Investor Services. Mr. Probst receives a portion of the gross commission being charged on commodity transactions by ADM Investor Services.

In this capacity, Mr. Probst recommends securities or other products and receives normal transactions commissions or other compensation. Thus, a conflict of interest exists between the interests of Mr. Probst and those of the advisory clients.

However, clients are under no obligation to act upon any recommendations of Mr. Probst or any other associated persons or affect any transactions through associated persons if they decide to follow the recommendations of the Adviser.

### **Item 10.C – Relationships with Related Persons**

Richard Probst is a licensed insurance agent with various insurance companies. In this capacity, he offers insurance products to advisory clients and receive normal and customary commissions if his advisory clients purchase these insurance products. Thus, a conflict of interest exists between the interests of Mr. Probst and those of the advisory clients.

However, clients are under no obligation to act upon any recommendations of Mr. Probst or to affect any transactions through him if they decide to follow his recommendations.

### **Item 10.D – Relationships with Other Advisers**

Associated persons are also investment adviser representatives of LPL Financial, a registered investment adviser. Because the Adviser provides only financial planning services, the Adviser routinely refers financial planning clients to LPL Financial for services that involve investment management or supervision. This relationship presents a conflict of interest because associated persons of the Adviser will receive compensation through LPL Financial for services that they perform in their capacity as investment adviser representatives of LPL Financial. Clients are fully informed of the Adviser's relationship with LPL Financial, including all details of compensation and conflicts of interest, through this document.

The Adviser deals with this conflict of interest by advising clients that they are under no obligation to act upon any recommendations or affect any transactions through LPL Financial if they decide to follow the recommendations and may elect to do business with other advisers or broker-dealers at any time.

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

### **Item 11.A – Code of Ethics**

The Adviser has adopted a Code of Ethics that sets forth standards of conduct expected of advisory personnel and to address conflicts that arise from personal trading by advisory personnel. Advisory personnel are obligated to adhere to the Code of Ethics, and applicable securities and other laws.



The Code covers a range of topics that include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Adviser will provide a copy of the Code to any client or prospective client upon request.

## **Item 11.B – Participation or Interest in Client Transactions**

### **Principal Trading**

Neither the Adviser nor any affiliated broker-dealer affects securities transactions with clients as principal.

### **Personal Trading of Associates Affiliated with a Brokerage Firm**

In their capacity as registered representatives or principals of LPL Financial, associated persons of the Adviser receive payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan or other such plans as compensation for administrative services, representing a separate financial interest.

As such, a conflict of interest exists with respect to recommendations to buy or sell securities. In all cases, transactions are affected based on the best interests of the client. The Adviser does not permit insider trading and has implemented procedures to ensure that its policy regarding insider trading is being observed by associated persons.

### **Agency-Cross Action Transactions**

Neither the Adviser nor any associated person recommends to clients, or buys or sells for client accounts, securities in which adviser or an associated person has a material financial interest.

Neither the Adviser nor any associated person acting as a principal, buys securities from (or sells securities to) clients; acts as general partner in a partnership in which Adviser solicits client investments; or acts as an investment adviser to an investment company that Adviser recommends to clients.

## **Item 11.C – Personal Trading by Associated Persons**

Associated persons may own an interest in or buy or sell for their own accounts the same securities that are recommended to advisory clients.

Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own accounts based on personal investment considerations which the Adviser does not deem appropriate to buy or sell for clients.

#### **Item 11.D – Conflicts of Interest with Personal Trading by Associated Persons**

Neither the Adviser nor any related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the Adviser or related persons buys or sells the same securities for their own accounts. The Adviser strictly prohibits this practice.

### **Item 12 – Brokerage Practices**

#### **Item 12.A – Factors in Selecting or Recommending Broker-Dealers**

##### **Brokerage Recommendations by Persons Associated with Other BD/IAs**

Associated persons in their capacity as registered representatives suggest that clients implement recommendations through LPL Financial. If the client so elects, associated persons receive normal and customary commissions as sales agents resulting from any securities transactions, presenting associated persons with a conflict of interest.

Furthermore, in implementing a plan through relationships maintained by associated persons, clients pay commissions or fees that are higher or lower than those obtained from elsewhere for similar services. Clients are advised that they are under no obligation to implement the plan or its recommendations through the associated persons in their capacities as registered representatives.

##### **Item 12.A1 – Research and Other Soft Dollar Benefits**

The term "soft dollars" refers to funds which are generated by client trades being used to pay for products and services such as to research and enhanced brokerage services that that the Adviser receives from or through the broker-dealers whom it engages to perform securities transactions. The Adviser does not receive soft dollars generated by securities transactions of its clients.

##### **Item 12.A2 – Brokerage for Client Referrals**

The Adviser does not refer clients to particular broker-dealers in exchange for client referrals from those broker-dealers.

##### **Item 12.A3 – Directed Brokerage**

The Adviser does not recommend or require that clients direct their brokerage business to any particular broker-dealer.

### **Item 12.B – Trade Aggregation**

The Adviser does not aggregate the purchases or sales of securities for various client accounts because the Adviser provides financial planning and consulting services only.

### **Item 13 – Review of Accounts**

In the context of performing financial planning or 401K Participant Allocation Advice, the Adviser reviews investment or 401K/403B account statements provided by the client at their request.

Upon completion of your financial plan, Mr. Probst will meet with you to review the written plan and answer any questions you have about the plan's content. After this consultation, there are no further reviews unless requested.

You must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require Mr. Probst to review your plan and make amendments.

Other than the initial plan or analysis, there will be no other reports issued. Generally, all recommendations will be made and discussed with you during our meetings.

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

The Adviser does not have an arrangement under which it or its related persons compensate others for client referrals.

The Adviser is an investment advisory firm offering financial planning services. As discussed previously, the Adviser's Advisory Representatives are also Registered Representatives and Advisory Representatives of LPL Financial LLC. This affiliation requires them to only offer you services and programs sponsored or approved by LPL Financial LLC. You may choose to implement Adviser's financial planning recommendations through Mr. Probst in his role as Registered Representative and/or Advisory Representative of LPL Financial LLC. This presents additional conflicts of interest as Mr. Probst receives compensation and other benefits for conducting business through LPL Financial LLC. The conflicts of interest are disclosed in the additional documents that Richard Probst will provide to you once you engage in that relationship.

The Adviser attempts to mitigate any conflicts of interests by notifying you of the conflicts and informing you that you are free to consult other financial professionals. We are bound by our Code of Ethics and fiduciary duty to act in an ethical manner and place your interests first and foremost.

### **Item 15 – Custody**

The Adviser doesn't accept custody of client funds or securities. Client assets are held by qualified custodians.

## **Item 16 – Investment Discretion**

The Adviser offers financial planning and consulting services only so does not maintain discretion over client investments.

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

Because the Adviser provides only financial planning and consulting services, the Adviser does not accept authority to vote proxies on behalf of clients as a matter of policy. Clients will receive their proxy information directly from their custodians.

Clients may contact the Adviser with questions about a particular solicitation by telephone at 248-347-7424 or e-mail at [www.fountainheadfinancial.com](http://www.fountainheadfinancial.com).

## **Item 18 – Financial Information**

### **Item 18.A/B**

As a State-Registered Adviser in Michigan, who does not charge fees of more than \$500, six months or more in advance, the Adviser falls below the dollar amount reporting threshold for reporting financial condition, so no audited balance sheet is being provided. The Adviser does not foresee any change in financial condition that is reasonably likely to impair the ability to meet contractual commitments to clients.

### **Item 18.C- Financial Condition**

Neither the Adviser nor Mr. Probst have been the subject of a bankruptcy petition at any time during the past ten years.

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

Information about the principal executive officer and the investment adviser representative's formal education, business background, and other businesses in which he is actively engaged can be found in the attached Brochure Supplement (ADV Part 2B).

The Adviser is not actively engaged in any business other than providing investment advice/financial planning.

Neither the Adviser nor any of its supervised persons charges performance-based fees.

Neither the Adviser nor any of its management personnel have been the subject of a reportable legal or disciplinary event including a civil, self-regulatory organization, or administrative proceeding.

Neither the Adviser nor any of its management personnel have any arrangement or relationship with any issuer of securities that is not previously disclosed in Item 10C above.

**Investment Adviser  
Brochure Supplement Part 2B**

**Richard Paul Probst**

**Fountainhead Financial Management, Inc.**

**301 North Center Street**

**Northville, MI 48167**

**Main Telephone No. 248-347-7424**

**General Website:**

**[www.fountainheadfinancial.com](http://www.fountainheadfinancial.com)**

**This brochure supplement provides information about Richard Probst that supplements the Fountainhead Financial Management, Inc. brochure. You should have received a copy of that brochure. Please contact Richard Probst if you did not receive Fountainhead Financial Management, Inc.'s brochure or if you have any questions about the contents of this supplement.**

**Additional information about Richard Probst is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Richard Probst is 724392. Financial Planning offered through Fountainhead Financial Management, Inc. a Registered Investment Adviser, not affiliated with LPL Financial LLC.**

**February 21, 2020**

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

Richard Paul Probst was born in 1957. He received a Bachelor of Science degree (with honors) in Health Science and Business from Grand Valley State University in 1979.

Mr. Probst earned the CFP designation in 1993. The minimum qualification requirements follow:

### **Certified Financial Planner™ (CFP®)**

#### Coursework

To earn the certification recipients must meet the following qualifications:

Complete courses that cover integrated financial planning topics such as:

- General principles of financial planning
- Insurance planning and risk management
- Employee benefits planning
- Investment planning
- Income tax planning
- Retirement planning
- Estate planning.

#### Bachelor's Degree

In addition to completing the course work, a bachelor's degree or higher, or its equivalent, is required. Degrees can be in any discipline but must be from an accredited college or university; verified through official transcripts from the degree-granting institution. The bachelor's degree is a requirement for certification but is not a requirement to be eligible to take the examination.

#### Work Experience

Applicants have 5 years from the date they pass the examination to satisfy the bachelor's degree and work experience requirements.

Applicants must supervise, directly support, teach or personally deliver all or part of the personal financial planning process to a client.

Qualifying experience must fit within one or more of the six primary elements of the personal financial planning process described below:

*Establishing and Defining the Relationship with the Client* – This includes explaining the issues and concepts related to the personal financial planning process, and clearly specifying the services the individual or firm will provide and the associated responsibilities.

*Gathering Client Data Including Goals* – This includes interviewing or questioning the client about various aspects of their financial resources, obligations and expectations. It

also involves helping to determine client's goals, needs and priorities; assessing client's values and attitudes; and determining their time horizons and risk tolerance, in addition, to collecting applicable records and documents.

*Analyzing and Evaluating the Client's Financial Status* – This involves analyzing and evaluating client data such as current cash flow needs, risk management, investments, taxes, retirement, employee benefits, estate planning, and special needs.

*Developing and Presenting Financial Planning Recommendations and/or Alternatives* – This process includes presenting and reviewing recommendations, working to ensure that the plan meets the goals and expectations of the client, and revising the recommendations as necessary.

*Implementing the Financial Planning Recommendations* – This involves helping the client put the financial planning recommendations into action and includes coordinating with other professionals, such as accountants, attorneys, real estate agents, stockbrokers and insurance agents.

*Monitoring the Financial Planning Recommendations* – This involves discussing with the client any changes in their personal circumstances, evaluating changing tax laws, and making recommendations based on new or changing conditions.

#### Standards of Professional Conduct

Applicants are required to meet the CFP Board's *Candidate Fitness Standards*, which describe conduct that: (1) is unacceptable and will always bar an individual from becoming certified; or (2) is presumed to be unacceptable and will bar an individual from becoming certified unless the individual successfully petitions the CFP Board.

Before being authorized to use the CFP® certification marks, and in conjunction with certificate renewal, applicants and holders of the certificate must disclose any criminal, civil, self-regulatory organization or governmental agency inquiry, investigation or proceeding involvement. Applicants and holders must also acknowledge the right of the CFP board to enforce its *Standards of Professional Conduct*.

#### **Business Experience**

<b>Firm Name and Title</b>	<b>Dates</b>
Fountainhead Financial Management, Inc., President/CEO/Chief Compliance Officer	10/1998–present
LPL Financial Corporation, Branch Manager/Registered Representative	08/1989–present

### **Item 3 – Disciplinary Information**

Mr. Probst does not have any legal or disciplinary events to disclose. Mr. Probst is not the subject of any pending legal, disciplinary or administrative proceedings.

### **Item 4 – Other Business Activities**

Richard Probst is a registered securities representative and investment adviser representative of LPL Financial, a registered broker-dealer, member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC") and a registered investment adviser. Mr. Probst is also an insurance agent appointed with various insurance companies.

Richard Probst holds a Series 3 license and is an NFA-registered Associated Person ("AP") with LPL Financial LLC, an independent introducing broker. LPL Financial LLC commodity trades are executed through ADM Investor Services, a registered futures commission merchant. LPL Financial LLC commodity clients open and maintain their commodity accounts with ADM Investor Services. Mr. Probst receives a portion of the gross commission being charged on commodity transactions by ADM Investor Services.

In addition, Mr. Probst maintains an affiliation with Albion Financial Inc., a licensed Mortgage Broker through which he offers mortgage products.

In these capacities, Mr. Probst recommends securities, or other products and services, and receives commissions and other compensation if products or services are purchased through any firm with which Mr. Probst is affiliated. Thus, a conflict of interest exists. This practice gives Mr. Probst an incentive to recommend investment products based on the compensation received rather than on the client's needs. However, clients are under no obligation to act upon any recommendations of Mr. Probst or affect any transactions through Mr. Probst if they decide to follow his recommendations.

In addition to the receipt of compensation, there are other conflicts of interest for Mr. Probst to place and maintain clients' assets at LPL Financial and to recommend products and services. Those conflicts are disclosed in the additional documents that Mr. Probst will provide to you once you engage in that relationship.

To mitigate the above noted conflicts of interest, this disclosure has been provided to you. If you have any concerns about the recommendations provided by Mr. Probst, you should discuss this with Mr. Probst. As well, you are free to consult other financial professionals.

Please refer to our Brochure ADV Part 2A for more complete information about conflicts of interest. A current copy can be obtained by contacting us at the telephone number listed on the cover page of this document or by visiting the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 5 – Additional Compensation**

Please refer to Item 4 - Other Business Activities above.

## **Item 6 – Supervision**

Mr. Probst is the senior management person at the Adviser and Chief Compliance Officer. He can be reached at 248-347-7424. He is the sole owner and Advisory Representative and supervises all activities conducted through the Adviser. He maintains policies and procedures to guide his activities and adheres to a Code of Ethics.

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

Mr. Probst has not been involved in any arbitration claim or civil, self-regulatory organization, or administrative proceeding involving an investment or investment-related business or activity, fraud, false statement(s), or omissions, theft, embezzlement, or other wrongful taking of property, bribery, forgery, counterfeiting, or extortion, or dishonest, unfair, or unethical practices.

Additionally, he has not been the subject of a bankruptcy petition.