



**Celtic Capital Corporation**

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Celtic Capital Corporation Brochure  
(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Celtic Capital Corporation (sometimes referred to hereinafter as the “Advisor” or “Firm”). If you have any questions about the contents of this brochure, please contact us at: (713) 927-3470, (877) 437-6300, or by email at: [j.hinrichs@sbcglobal.net](mailto:j.hinrichs@sbcglobal.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), or by any state securities authority.

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

December 31, 2019

## Celtic Capital Corporation

### **Material Changes**

Annual Update – The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update –The SEC issued a final rule in July 2010 requiring advisors to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. Texas Rule 116.9(d), effective March 09, 2011, and revised October 06, 2015 requires every state-registered Registered Investment Adviser (RIA) to update the Part 2 as part of any amendment or annual updating amendment. For purposes of this rule, “annual updating amendment” means an amendment to a RIA's Form ADV filed within ninety (90) days after a RIA's fiscal year end that is used to update the responses to any item for which the information is no longer accurate. As such we have revised our ADV Part 2 form to reflect this new rule.

Full Brochure Available – Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (713) 927-3470 or by email at: [j.hinrichs@sbcglobal.net](mailto:j.hinrichs@sbcglobal.net).

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## **Advisory Business**

### Firm Description

Celtic Capital Corporation was founded in 1996 by John Frank Hinrichs. There are currently two employees including one Certified Financial Planner®/Tax Attorney and one administrative employee. The firm is state registered with the State Securities Board for the state of Texas as an Investment Adviser under file number 284398.

Celtic Capital Corporation provides personal financial planning and investment management to individuals, families and their related entities, trusts and estates, and family businesses. Celtic Capital Corporation works with clients to define financial objectives and to develop strategies for reaching those objectives, some of which may include: identification of financial problems, cash flow and budget management, tax planning, risk exposure review, investment management, education funding, retirement planning, estate planning, charitable goals, special needs planning, family business succession issues, fringe benefits, and/or other issues specific to the client.

The firm's compensation is solely from fees paid directly by clients. The firm does not receive commission based on the client's purchase of any financial product, including insurance. No commissions in any form are accepted. No referral fees are paid or accepted. No benefits are received from custodians/broker-dealers based on client securities transactions ("soft dollar benefits").

Assets under the direct management of Celtic Capital Corporation are held by an independent custodian, TD Ameritrade Institutional, in the client's name. Celtic Capital Corporation does not act as a custodian of client assets, although we may at times be considered by the SEC to technically have "custody" over certain types of accounts held by the independent custodian. This occurs primarily if an employee of Celtic Capital Corporation is the trustee of an unrelated trust and Celtic Capital Corporation is the investment advisor on the trust's investment accounts.

We may recommend other professionals (e.g., lawyers, accountants, insurance agents, real estate agents, etc.) at the request of the client. Other professionals are engaged directly by the client on an as-needed basis even when recommended by the Advisor. Conflicts of interest will be disclosed to the client and managed in the best interest of the client.

Owner – John Frank Hinrichs is the 100% stockholder of Celtic Capital Corporation.

**Types of Advisory Services** – The primary type of advisory service is financial planning. Celtic Capital Corporation also provides investment supervisory services (i.e., "asset management") and furnishes investment advice, but only as part of an on-going financial planning relationship. In performing its services, the Advisor is not required to verify any information received from the client or from the client's other professionals. Each client is advised that it remains his/her responsibility to promptly notify Advisor when there is any change in his/her financial situation and/or financial objectives for the purpose of reviewing, evaluating, or revising previous recommendations and/or services.

The following are typical financial planning arrangements offered to clients:

### Comprehensive Financial Planning

This service includes financial planning, implementation, and ongoing asset management/monitoring services. Financial planning may include identification of financial problems, cash flow and budget management, tax planning, risk exposure review, investment management, education funding, retirement, estate planning, charitable goals, small

business planning issues, fringe benefits, special needs planning or other issues specific to the client. A written evaluation of the client's current situation and his or her goals is often provided to the client. The engagement also includes implementation of recommendations accepted by the client, unlimited telephone support, meetings as required, on-going financial planning services, reminders of the specific courses of action that need to be taken, and written portfolio reviews as negotiated with each client. More frequent reviews may occur but are not necessarily communicated to the client unless immediate changes are recommended.

#### Financial Snapshot

This service includes financial planning only. No implementation services or ongoing asset management services are provided. Financial planning may include identification of financial problems, cash flow and budget management, tax planning, risk exposure review, investment management, education funding, retirement planning, estate planning, business planning, charitable goals, small business planning issues, fringe benefits, special needs planning or other issues specific to the client. A written evaluation of the client's current situation and their goals is provided to the client. This service includes two meetings in addition to the introductory meeting. Financial Snapshot engagements may be upgraded to the Comprehensive Financial Planning arrangement upon completion, or implementation may be provided via our hourly-fee special projects arrangements.

#### Special Projects

Projects may be undertaken that are not described in other types of agreements, including implementation of Financial Snapshot recommendations, periodic investment portfolio review, assistance with tax planning, or other services specifically described in an engagement letter.

#### Investment Management Services

Investment management is not provided as a stand-alone service. However, occasionally, members of client's family may receive investment management services as part of the client's financial planning objectives.

#### Client-Based Relationships

At Celtic Capital Corporation advisory services are tailored to the individual needs of clients. Client goals and objectives are clarified in meetings and via correspondence, and are used to determine the course of action for each individual client. The goals and objectives for each client are documented in the client's personal file, either in hard copy or in electronic files.

Clients may impose restrictions on investing in certain securities or types of securities. This must be done in writing and be signed by the client and the Advisor. Agreements may not be assigned without client consent.

#### Managed Assets

As of December 31, 2019, Celtic Capital Corporation managed approximately \$6,832,902 in assets for about 30 clients. All assets are managed on a discretionary basis.

## **Fees and Compensation**

### Description

Celtic Capital Corporation bases its fees on a percentage of Assets Under Management (AUM) and hourly charges. All fees are negotiable.

Comprehensive Financial Planning – Initial fees are determined at the outset by the Investment Advisory Contract and are based on a variety of factors, including but not limited to, historical relationships, total assets, investable assets, types of assets, anticipated future additional assets, gross income, anticipated future earning capacity, complexity of financial planning needs, relationships with other professionals, related accounts, or negotiations with clients.

For new clients, the fee for investment advisory services is based on 1.00% of AUM. It is calculated quarterly and billed quarterly in arrears. Usually the percentage fee is deducted from the client's account on the first day of the new quarter. For example, for the quarter ending March 31<sup>st</sup> the client receives an invoice on or about April 1<sup>st</sup>. Alternatively, the client can be invoiced on the first day of the new quarter, and then pay the Advisor by check, money order, or wire transfer. Upon request from the client, the Advisor will provide a schedule showing calculations of all fees for any preceding months.

A typical first year fee for a couple with a \$1 million new worth and an investable portfolio of \$100,000 would be \$250 per quarter or \$1,000 for the year. Typically, clients do not pay a retainer upfront against future fees unless such a retainer is negotiated and included in the Investment Advisory Contract.

Financial Snapshot – The service for financial planning only is based on a hourly fee as negotiated between the Advisor and the client, and then included in an engagement letter or the Investment Advisory Contract. The Advisor will provide a monthly invoice to the client wherein the financial planning services for the preceding thirty (30) days are described. These invoices are payable to the Advisor on a net thirty (30) days basis. For example, an invoice dated April 1<sup>st</sup> would be for all financial planning services performed from March 1 through March 30. At any time the client may inform Advisor to cease financial planning services, and then the client will be invoiced for all unpaid services performed to that date of notification.

A Comprehensive Financial Planning engagement may be added at any time at the rate of 1.00% of AUM.

Special Projects – Special Projects are invoiced at an hourly rate negotiated between the Advisor and the client. Estimates are provided and a deposit is requested. Since the nature of the work often involves variables or circumstances unknown at the start of the engagement, estimates are not guaranteed.

Investment Management Services – Investment management is not provided as a stand-alone service and is not billed separately as such.

### Fee Billing

Clients using Comprehensive Financial Planning services usually choose to have fees deducted quarterly from a designated brokerage account at TD Ameritrade Institutional to facilitate billing, or be invoiced quarterly (as explained herein above). The client must consent in advance to direct debiting of their investment account for financial planning fees. All hourly fees are invoiced on a monthly basis to the clients. The hourly fees cannot be paid by direct debit of a brokerage account. Hourly fees range between \$150 and \$250.

Clients using Special Projects services are billed monthly in arrears, or as otherwise specified in an engagement letter or in the Investment Advisory Contract. These fees cannot be paid by direct debit of a brokerage account.

#### Other fees

TD Ameritrade Institutional may charge transaction fees on purchases or sales of certain mutual funds, stocks, bond, and exchange-traded funds. These transaction charges are usually relatively small and are incidental to the purchase or sale of a security. Additionally, these transaction charges are somewhat more when a client requests that all brokerage transaction advices (slips) be received by the client in paper form rather than by email. In some cases, TD Ameritrade Institutional may also charge a monthly, quarterly, or annual custody fee. Fees for custody are disclosed to clients when this type of arrangement is recommended.

Mutual funds and exchange-traded funds generally charge a management fee for their services as investment managers. The management fee is included in the expense ratio. Mutual fund fees also include transaction charges for the purchase or sale of securities within the fund and may charge other fees as disclosed in the fund prospectus. These fees are in addition to the fees paid by the client to Celtic Capital Corporation.

Please see the section entitled "Brokerage Practices" on page 6 for more information.

#### Past Due Accounts and Termination of Contract

Celtic Capital Corporation reserves the right to stop work on any account that is more than sixty (60) days overdue. In addition, Celtic Capital Corporation reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate to providing proper financial advice, per the judgment of Celtic Capital Corporation. Clients may terminate their agreement or contract at any time by providing written notice.

Terminating clients will receive an itemized invoice (bill) based on hourly rates (see Financial Snapshot and Special Projects above) for work completed. Any unused portion of fees collected in advance as a retainer or deposit will be refunded within thirty (30) days.

#### Compensation for Sales of Investment Products

The firm's compensation is solely from fees paid directly by clients. The firm does not receive commission based on the client's purchase of any financial product, including insurance. No commissions in any form are accepted.

#### **Performance-Based Fees**

##### Sharing of Capital Gains

Celtic Capital Corporation does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client. However, the nature of asset-based fees allows Celtic Capital Corporation to participate in the growth of the client's wealth. This also means that our fees can decline when the client's portfolio declines in value.

#### **Types of Clients**

##### Description

Celtic Capital Corporation generally provides investment advice to individuals, families, trusts and estates, and small business owners. Advice may extend to entities related to the client such as small businesses and charitable organizations, including foundations and endowments. Clients relationships vary in scope and length of service.



Celtic Capital Corporation does not impose a minimum dollar value of assets or other condition for opening or maintaining an account.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### Methods of Analysis

Security analysis methods at Celtic Capital Corporation emphasize fundamental analysis rather than technical analysis. Technical analysis is the use of historical patterns of behavior in the financial markets to predict performance of the markets or individual investments in the near future. Fundamental analysis is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysis is an attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and company-specific factors (like financial condition and management). The main sources of information include Morningstar® reports and online interviews, Yahoo!® Finance online interviews, fund prospectuses, Thompson Reuters Stock Reports, financial newspapers and magazines (specifically, *The Wall Street Journal* and *Barron's*), research materials prepared by others, insider trader filings with the SEC, and annual reports. Employees of Celtic Capital Corporation also attend industry conferences and participate in web-based presentations.

### Investment strategies

The primary investment strategy we use for client accounts is strategic asset allocation. We may use passively-managed index and exchange-traded funds when appropriate for the client and actively-managed funds, dividend paying stocks, treasury, corporate and municipal bonds where there are opportunities to make a difference by security selection. Portfolios are generally globally diversified up to 30% to control the risk associated with traditional domestic markets.

The investment strategy for a specific client is based upon the objectives, income needs, and tax situation stated by the client during consultations. The client may change these objectives at any time. The client's goals and objectives are recorded during meetings and via correspondence with the client. Each client portfolio is constructed solely for the client. We do not use model portfolios, and we do not use composites to illustrate results.

### Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. However, as with all investments, clients face investment risks including the following: loss of principal risk, interest-rate risk, market risk, inflation risk, currency risk, reinvestment risk, business risk, liquidity risk, and financial risk.

## **Disciplinary Information**

### Legal and Disciplinary

The firm and its employees have not been involved in any legal or disciplinary events related to past or present activities.

## **Other Financial Industry Activities and Affiliations**

Activities – Celtic Capital Corporation does not participate in any other industry activities.

### Affiliations

Celtic Capital Corporation does not have arrangements that are material to its advisory business or its clients with any related person. We may at times recommend unrelated, third party investment managers when we believe it is appropriate for the client to split his or her investable assets among two or more investment managers. We do not receive any referral fees or other compensation from other investment managers that were recommended by the firm.

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

### Code of Ethics

The employees of Celtic Capital Corporation have committed to a Code of Ethics. The Advisor will exercise its best efforts to act in good faith and in the best interests of our clients. We will provide written disclosure to our clients prior to our engagement, and thereafter throughout the term of engagement, of any conflicts of interest, which may compromise our impartiality or independence. We do not receive any compensation or other remuneration that is contingent on a client's purchase or sale of a financial product. Key points of our Code of Ethics are as follows: putting the client's interests first, objectivity, confidentiality, competence, fairness and suitability, integrity and honesty, regulatory compliance, full disclosure, and professionalism. CFP® designees are also held to a Code of Ethics as outlined by the CFP® Board of Standards. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### Participation or Interest in Client Transactions

Celtic Capital Corporation and its employees may at times buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades.

The Chief Compliance Officer of Celtic Capital Corporation is John Frank Hinrichs. Hinrichs reviews all employee trades each quarter. This personal trading review ensures that the personal trading of employees was not based on inside information and that clients of the firm receive preferential treatment. The trades are not of a significant enough value to affect the securities markets.

### **Brokerage Practices**

Celtic Capital Corporation does not have any affiliation with product sales firms. The firm uses TD Ameritrade Institutional (TDAI) as its agent, custodian and broker-dealer. TDAI has a reputation in its industry for best execution of orders at reasonable commission rates as well as being known for the high quality of its overall service. Orders are filled by independent third parties. TDAI also offers independent research, knowledgeable support, and easy-to-use tools. TDAI has proven its integrity and financial responsibility, and has risen to become one of the largest brokerage firms in the world. TDAI is a public-traded corporation on the New York Stock Exchange.

Celtic Capital Corporation does not receive fees or commissions from its arrangement with TDAI, although Celtic Capital Corporation may benefit from electronic delivery of client information, electronic trading platforms and other services provided by TDAI, such as research, continuing education, and practice management advice. These benefits are standard in a relationship with a custodian and are not in return for client recommendations or transactions. Celtic Capital Corporation does not recommend trust companies to clients, but the firm will work with any trust company that has been selected by a client.

Celtic Capital Corporation reviews the execution of trades by TDAI on a quarterly basis. Trading fees are also reviewed on an annual basis. Celtic Capital Corporation does not receive any portion of the trading fees.

### Soft Dollars

Celtic Capital Corporation does not receive soft dollar benefits from TDAI to whom we recommend clients.

### Directed Brokerage

We are currently directing our client transactions through TD Ameritrade Institutional. TDAI has administrative offices on the East and West coasts of the United States; thereby facilitating interactions between the firm and its custodian.

Trades in mutual funds do not garner any client benefit. However, when more than one account is trading a particular stock or ETF on the same day, block trading may be used to get identical pricing on the trades.

## **Review of Accounts**

### Periodic Reviews

The frequency of reviews is individually negotiated with each client. Comprehensive Financial Planning clients are provided with semi-annual and annual reviews, which vary in focus with each review and may include asset allocation updates and rebalancing, performance reviews, tax and estate plan reviews, investment reviews, cash flow monitoring, and more.

Financial Snapshot clients are given the option to return annually at their expense for an update of their financial plan.

Account reviews are performed by John Frank Hinrichs. All investment plans are reviewed by John Frank Hinrichs prior to distribution to clients. The current total number of households is approximately 25.

### Review Triggers

Account reviews for Comprehensive Financial Planning clients are performed more frequently when market conditions dictate, or when a client's objectives change. A review may be triggered by client request, changes in market conditions, new information about an investment, changes in the tax laws, or other important changes.

### Regular Reports

Written reports are sent to Comprehensive Financial Planning clients based on their negotiated frequency of reviews. The reports may consist of an individual letter summarizing the results of the review and our general thoughts on the economy, a statement of holdings from our portfolio accounting software, a Morningstar® "Snapshot" report or other such portfolio reports, asset allocation analysis, tax-related information, updates to financial plan reports, portfolio graphs, or other reports as needed.

## **Client Referrals and Other Compensation**

### Incoming Referrals

Celtic Capital Corporation sometimes receives client referrals over the years. The referrals have come from current clients, estate planning attorneys, certified public accountants, personal friends, relatives, and other sources. The firm does not pay for referrals.

### Referrals to Other Professionals

Celtic Capital Corporation does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

### Account Statements

All assets are held at TD Ameritrade Institutional. TDAI provides account statements directly to clients at their registered address on a monthly basis. Celtic Capital Corporation does not invest in private placements for clients because private placements are not held by its custodian.

Clients are encouraged to carefully review the statements provided by TD Ameritrade Institutional.

#### Statements Provided by Celtic Capital Corporation

Clients are at times provided with statements generated from our portfolio software supplied by Morningstar, Inc. Clients are urged to compare the statements they receive from us to those they receive from TD Ameritrade Institutional. Typically, any net worth statements are prepared by accountants selected by our clients rather than being prepared by us. Such net worth statements usually contain approximations of bank account balances provided by our clients, as well as the values of land, buildings, limited partnerships, and other hard-to-price assets. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks. The book values of hard to price assets are reviewed whenever supplemental information relating to valuation is received from our clients. Otherwise, these assets are priced by such accountants at the client's costs.

#### SEC "Custody"

According to a recent ruling by the SEC, investment advisers are deemed to have "custody" of client funds if certain conditions are met. Celtic Capital Corporation does not act as a trustee nor do the employees of Celtic Capital Corporation act as a trustee of any unrelated trust so as to be technically considered to have custody under the above referenced ruling. In other words, Celtic Capital Corporation will not serve as the investment advisor to an unrelated trust if the trustee of such a trust is an employee of the firm. If Celtic Capital Corporation was to fall under the ruling, then the SEC requires an annual surprise audit of those "custodied" accounts by an independent certified public accounting firm. Celtic Capital Corporation intends to comply with this ruling by the SEC. Celtic Capital Corporation is not organized as a trust company pursuant to Texas law.

#### **Investment Discretion**

##### Discretionary Authority for Trading

Celtic Capital Corporation accepts discretionary authority to manage securities accounts on behalf of clients. Celtic Capital Corporation has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, if discretionary authority or a limited power of attorney has not been given, Celtic Capital Corporation consults with the client prior to each trade to obtain concurrence. Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that we may promptly implement the investment policy that they have approved. In most cases, clients are provided with an opportunity for review and discussion prior to implementation of recommendations.

If a third party investment manager was to be used by Celtic Capital Corporation with a client's written permission, then the third party investment manager will have full discretion over trades and does not consult with Celtic Capital Corporation or with the client before placing trades.

##### Limited Power of Attorney

Clients must sign a limited power of attorney before Celtic Capital Corporation is given discretionary authority. The limited power of attorney is included in the custodian's account application for the initial setting up of the account. For accounts not held by TD Ameritrade Institutional, clients may sign a separate limited power of attorney document giving discretionary authority to Celtic Capital Corporation.

#### **Voting Client Securities**

##### Proxy Votes

Unless the client designates otherwise, Celtic Capital Corporation votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. In accordance with SEC Rule 206(4)-6—Proxy Voting, Celtic Capital Corporation has established the following policies and procedures:

I. Voting Mutual Fund Shares:

a. Funds recommended by Celtic Capital Corporation:

(1) Celtic Capital Corporation monitors the activity of funds it recommends to clients.

(2) Celtic Capital Corporation will review the issues on a case-by-case basis and vote proxies when the proxies are delivered to Celtic Capital Corporation or when a client requests information on how to vote. The primary purpose and fiduciary responsibility of Celtic Capital Corporation in voting proxies is to maximize shareholder value.

(3) Celtic Capital Corporation does not vote proxies that are based solely on social issues.

b. Funds in client portfolios that were not recommended by Celtic Capital Corporation:

(1) Celtic Capital Corporation's due diligence of funds not recommended by us is limited to performance review relative to peers.

(2) In the case where we recommend other funds in a fund family, but not the specific fund requiring voting, we will make recommendations based on our knowledge of general issues and procedural changes common to funds we do recommend.

II. Voting Shares of Equities

a. For individual equities we have directly recommended, we review the issues on a case-by-case basis to determine how to vote, with the knowledge that the primary purpose and fiduciary responsibility of Celtic Capital Corporation in voting proxies is to maximize shareholder value.

b. When we receive proxy statements for equities recommended by a third party investment manager, we will call the investment manager for voting instructions or will mail the proxies to the investment manager.

c. When clients request advice on proxy voting for shares of stock in their portfolios that Celtic Capital Corporation has not recommended, we will review the material provided by the client and educate the client on the issues involved. It is the client's responsibility to understand the issues and to vote the shares.

III. Records of Proxy Votes

a. Celtic Capital Corporation upon the request of a client will provide a written confirmation with respect to a proxy vote taken by the firm within the preceding thirty (30) days. Celtic Capital Corporation does not maintain a file recording the history of all proxy votes. Normally, the issuers of the securities record voting information from individual owners of their securities.

IV. Conflicts of Interest

a. Should a conflict of interest exist between Celtic Capital Corporation and a client regarding the outcome of a certain proxy vote, Celtic Capital Corporation is committed to resolving the conflict in the best interest of the client before it votes the proxy in question. Celtic Capital Corporation may take any of the following courses of action to resolve the conflict:

(1) Disclose the conflict to the client and obtain consent before voting.

(2) Suggest to the client that he or she engage another party to determine how the proxy should be voted.

(3) Vote according to the recommendations of an independent third party, such as a proxy consultant, research analyst, proxy voting department of a mutual fund or pension fund, or compliance consultant.

Clients may direct a proxy vote at any time by calling or writing to us to inform us of their desired vote. A copy of Celtic Capital Corporation's proxy voting policy is available upon request.

## Financial Information and Condition

Celtic Capital Corporation does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because Celtic Capital Corporation does not serve as a custodian for client funds or securities, other than as described above, and does not require prepayment of fees of more than \$1,000 per client, six months or more in advance, and these prepayment, if any, only relate to work performed by the firm on an hourly basis.

## **Business Continuity Plan**

### General

Celtic Capital Corporation maintains a plan that provides steps to mitigate and recover from the loss of office space, communications, and services.

### Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornadoes, fire, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications line outage, internet outage, railway accident and aircraft accident. Electronic files are backed up and archived.

### Alternative Offices

Alternative work locations are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five (5) days of a disaster that dictates moving our office to an alternative location.

### Loss of Key Personnel

Celtic Capital Corporation depends upon the services of its President, John Frank Hinrichs. In the event of his serious disability or death, then the business of Celtic Capital Corporation would be assumed by a fee-only Registered Investment Adviser located in Houston, Texas; and the business continuation would be handled by the President's attorney-in-fact or independent executor, whatever the case may be.

## **Information Security Program**

### Information Security

Celtic Capital Corporation maintains an information security program to reduce the risk that personal and confidential information may be breached.

### Privacy Notice

Celtic Capital Corporation is committed to maintaining the confidentiality, integrity, and security of the personal information that is entrusted to us. Celtic Capital Corporation does not disclose or use non-public personal information about our clients or former clients, other than to carry out the purposes for which the information was disclosed, or as permitted by law. The categories of non-public information that we collect from our clients may include information about personal finances, information about health to the extent that it is needed for the financial planning process, information about transactions between clients and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help our clients meet their personal financial goals. With our clients' permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom they have established a relationship. Clients may opt out from our sharing information with these non-affiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person.

With client permission, we share a limited amount of information with the client's brokerage firm in order to execute transactions on your behalf.

We maintain a secure office to ensure that our clients' information is not placed at unreasonable risk. We employ a firewall barrier and authentication procedures in our computer environment.

We do not provide personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our firm's records and personal records as permitted by law.

Personally identifiable information will be maintained while still a client of Celtic Capital Corporation, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify our clients in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to our clients annually, in writing.

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**Brochure Supplement (Part 2B of Form ADV)**

Supervised Person

John Frank  
Hinrichs

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As of December 31, 2019

This brochure supplement provides information about John Frank Hinrichs (Date of Birth: May 09, 1946) that supplements the Celtic Capital Corporation brochure. You should have received a copy of that brochure. Please contact Celtic Capital Corporation if you did not receive the firm's brochure or if you have any questions about the contents of this supplement.

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



Celtic Capital Corporation requires that any employees whose function involves determining or giving investment advice to clients must be a graduate of a four year college and must:

1. Have at least three years' experience in insurance, investments, accounting, computer science, or financial planning;
2. Hold the Series 65 Investment Adviser Representative license or its equivalent;
3. Be an attorney at law, or hold or be pursuing one of the following designations: Certified Financial Planner® (CFP®), Certified Public Accountant (CPA), Chartered Financial Analyst (CFA®) or Chartered Financial Consultant (ChFC®);
4. Subscribe to the Code of Ethics of the CFP® Board of Standards; and
5. Be properly licensed for all advisory activities in which they are engaged.

#### Professional Certifications

Employees have earned certifications that are required to be explained in further detail.

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

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

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

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

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

- ⑩ Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- ⑩ Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services

at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

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

A **Certified Divorce Financial Analyst™** specializes in financial issues surrounding divorce. He or she is a member of the Institute for Divorce Financial Analysts (IDFA). The role of the CDFA™ includes acting as an advisor to one party's divorce lawyer or as a mediator to both parties. A CDFA™ uses his or her knowledge of tax law, asset distribution, short- and long-term financial planning to achieve an equitable settlement. To become a CDFA™ a person must have two years of financial planning or legal experience as a financial professional, accountant, or matrimonial lawyer. After obtaining the proper work experience, candidates are required to complete a four-step modular program and examination designed by the IDFA. The program is a self-study program, covering financial and tax issues, with case studies of divorce settlements.

In the USA, this training qualifies for 32 hours of continuing education for the CFP® Board of Standards, 25 CPE for the CPA designation, and 32 PACE for ChFCs and CLUs. The American Module Topics are:

- ⑩ Financial and Legal Issues of Divorce
- ⑩ Advanced Financial Issues of Divorce
- ⑩ Tax Issues of Divorce
- ⑩ Working as a CDFA™: Case Studies

Except for the Final Case Study examination, the examinations for the course are administered at Prometric Testing Centers. The examination for the final module, a comprehensive Case Study examination, is an "open book" examination that the candidate takes in his or her own office.

Along with the final module, the candidate will receive IDFA's Divorce Settlement Analyst™ software as well as instructions on how to use it to illustrate the short-term and long-term financial impact of proposed divorce settlements. After completing the case study examination, the candidate will send it to IDFA™ for personalized grading and comments.

To retain the Certified Divorce Financial Analyst™ designation, a CDFA™ must obtain 20 hours of Continuing Education (CE) every two years (ten of which must be divorce-related), remain in good standing with the IDFA™, and keep his or her dues current.

### **Attorney and Counselor at Law (State Bar of Texas)**

Seven years of education following high school is typically required to obtain a law degree: four years of undergraduate school and three years of law school. Law schools generally require a bachelor's degree for admission. A law graduate with a doctor of jurisprudence degree from a law school approved by the American Bar Association must then take the bar examination, which is a comprehensive test of knowledge in many areas of law. After passing the test, the person is licensed to practice law. In Texas, both applicants to law school and candidates for the bar examination are screened by the "Texas Board of Law Examiners" for qualifications and standards of moral character. Every active State Bar of Texas member must complete a minimum of 15 hours of accredited continuing legal education (CLE)-3 hours must be on topics regarding ethics-during each compliance year. Failure to report CLE credit hours could result in a non-compliance penalty which range from \$100 to \$300.

John Frank Hinrichs, CFP®, Attorney and Counselor at Law, CDFATM, Mediator, Arbitrator and President  
Educational Background:

- ⑩ University of Houston-Clear Lake, 2011-2017 (Master of Science in Finance ⑩)
- ⑩ University of Houston, 2003-2007 (Ph.D. candidate in United States History; completed 27 hours in History, 19 hours in Political Science, and 14 hours in Spanish); withdrew from the program without completing dissertation on The History of the Regulation of Texas Groundwater
- ⑩ Sam Houston State University, Master of Arts in History, 2002-2003
- ⑩ University of Houston Law Center, Master of Laws in International Economic Law, 1984-1988
- ⑩ University of Houston, Master of Science in Accountancy, 1974-1979
- ⑩ University of Houston Law Center, Doctor of Jurisprudence, 1969-1972
- ⑩ University of Texas at Austin, Bachelor of Business Administration in Finance, 1964-1968
- ⑩ Bellaire High School located in Bellaire, Texas, graduated with honors, 1961-1964

Business Experience

⑩ Prior to founding Celtic Capital Corporation in 1996, Hinrichs practiced law in Sugar Land, Texas from 1994 to 2002 specializing in estate/trust/business/tax-planning, and still maintains a part-time law practice as it relates to his work as a financial advisor. He works as a financial advisor for Celtic Capital Corporation-an investment adviser registered under file number 284398 with the State Securities Board for the state of Texas.

⑩ He received his CFP® designation in 1996, became a member of the State Bar of Texas in 1972, received his CDFATM designation in 2000, holds the Series 3 (National Commodity Futures), 7 (General Securities Representative), 63 (Uniform Securities Agent State Law Exam), and 65 (NASAA-Uniform Advisors Law Exam) licenses administered by the Financial Industry Regulatory Authority (FINRA), and holds a license as a general lines agent (Life, Accident, Health & HMO) from the Texas Department of Insurance.

⑩ He served in various officer positions (e.g., general counsel, vice president, and regional manager) to a major industrial contractor for fifteen (15) years (1978-1994).

⑩ Prior to 1978 he practiced law in Stafford, Texas from 1972-1978, and went to work as vice president of Hydro-Services, Inc., a family corporation, in 1978. In 1986 Hydro-Services, Inc. was sold to Tracor, Inc., a New York Stock Exchange corporation, and became Tracor Hydro-Services, Inc. until it was sold to HydroChem Industrial Services, Inc. in 1990. Hinrichs worked in various legal and managerial positions for these corporations until 1994. He also worked for two closely-held corporations from 2002-2004. He teaches United States history part-time in a private middle school in Houston.

⑩ Prior to 1972 Hinrichs worked as a marketing representative for Bank of the Southwest in Houston from 1969-1972, served in the United States Army Reserves and United States Air National Guard from 1968-1974, and while a university student in Austin worked for the Internal Revenue Service as a tax examiner from 1964-1968. His other jobs in Austin were dishwasher, waiter, bus driver, and dormitory counselor.

Disciplinary Information: None

Other Business and Professional Activities: Member of the Order of the Barons (top 10% of class) at the University of Houston Law Center, member of Sigma Chi fraternity, director and past president of the Houston Area Contractors' Safety Council, director and past president of the Fort Bend County Dispute Resolution Center, former mediator for the United States Postal Service, and a current arbitrator and mediator for FINRA and the National Futures Association (NFA). Hinrichs practices law as a solo practitioner, and serves as an arbitrator and mediator for FINRA and NFA.

Additional Compensation: Hinrichs receives fees for arbitration, mediation, and legal services from clients and third parties, including but not limited to, FINRA and NFA.

Other Corporate Positions: Hinrichs also serves as Chief Compliance Officer for the firm, and can be reached at (713) 927-3470 or (877) 437-6300.