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FORM ADV PART 2A

Brochure

This brochure provides information about the qualifications and business practices of Prosper Advisors. If you have any questions about the contents of this brochure, please contact us at admin@prosperadv.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Prosper Advisors is also available on the SEC's website at www.adviserinfo.sec.gov.

Prosper Advisors is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Advisory Business

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Prosper Advisors registration was granted by the U.S. Securities and Exchange Commission on September 7, 2005 and was founded in 2002 by Nadine Lee who is President of the firm. Mrs. Lee is principal owner of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries, which have any ownership interest in the firm. As of December 31, 2010, the firm managed, \$243,861,238, which is managed on a discretionary basis \$243,250,439 and nondiscretionary basis \$610,799. Client assets are managed on an individualized basis. Clients may impose restrictions on their accounts. The firm does not sponsor any wrap programs.

PORTFOLIO MANAGEMENT:

Prosper Advisors provides Portfolio Management services based on the individual needs of the client.

Through personal discussions Prosper Advisors designs an Investment Policy that takes into account the client's goals including:

- a. Risk Tolerances
- b. Time Horizon
- c. Cash Flow and Liquidity Needs
- d. Tax Situation

FINANCIAL PLANNING:

Prosper Advisors also provides advice in Financial Planning. Clients purchasing this service will receive a detailed financial plan designed to achieve their stated financial goals and objectives.

CONSULTING:

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. Prosper Advisors also provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, Prosper Advisors provides advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

Fees and Compensation

ADV Part 2A, Item 5

Investment Advisory: Assets Under Management (Annual Fee %*)

First \$2,000,000	0.80%
Next \$2,000,001 to \$10,000,000	0.60%
Next \$10,000,001 to \$20,000,000	0.40%
Over \$20,000,000	Negotiable

*Prosper Advisors will quote an exact percentage to each client based on the nature of the account, the total dollar value of the account, and the services requested for the account. Advisory fees are billed quarterly, in advance, calculated as of the closing value on the last business day of March, June, September & December. All accounts within a household are aggregated when computing fee calculation. Some clients are subject to a fee schedule which is no longer available to new clients. Minimum annual fee per household (Investment Advisory and/or Money Manager Search & Reporting) is \$8,000. Fees for Inactive Single Stock Positions are Negotiable.

Money Manager Search & Monitoring Services: (Annual Fee %)

A. Equity Portfolios:

First \$2,000,000	0.80%
Next \$2,000,001 to \$10,000,000	0.60%
Next \$10,000,001 to \$20,000,000	0.40%
Over \$20,000,000	Negotiable

B. Fixed Income (Only) Portfolios: (Account Value)**

First \$0 to \$2,000,000.....	0.30%
Next \$2,000,000-\$5,000,000.....	0.25%
Next \$5,000,000-\$10,000,000....	0.20%
Over \$20,000,000	Negotiable

Trustee - Fiduciary Services***

First \$2,000,000	1.00%
Next \$2,000,001 to \$10,000,000	0.80%
Next \$10,000,001 to \$20,000,000	0.60%
Over \$20,000,000	Negotiable

**Minimum Fixed Income Money Manager Search quarterly fee of \$500

***Additional fees for tax preparation and accounting services

Client may also request that Prosper Advisors include non-advisory or “reporting only” investments in completing the client’s quarterly investment report. Prosper Advisors does not provide advice or recommendations on these accounts. Fees may be associated with this service.

Direct Debiting: Advisory fees may be directly debited from a client account if the following conditions are met:

1. Prosper Advisors sends a statement to the client showing the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated; and
2. Prosper Advisors discloses to the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated; and
3. Prosper Advisors forwards advisory fees to the custodian on a quarterly basis, who debits the client's account accordingly and credits Prosper Advisors’ management fee account.
4. The client authorizes Prosper Advisors in writing to receive fee payments directly from the client's account being held by an independent custodian; and
5. Fees are billed quarterly, in advance, based on the previous quarters ending value.

Negotiability of Fees: In certain circumstances, all fees and account minimums may be negotiable.

Fee Calculation: The fee charged is calculated as previously described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a) (1) of the Investment Advisers Act of 1940).

Termination of Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Mutual Fund Fees: All fees paid to Prosper Advisors for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's

prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund directly, without the services of Prosper Advisors. In that case, the client would not receive the services provided by Prosper Advisors which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Prosper Advisors to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

NONE.

Types of Clients

Form ADV Part 2A, Item 7

Individuals, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

Methods of securities analysis are fundamental.

Investment strategies contain portfolios pertaining to client needs.

Investing in securities involves risk which puts principle at risk and may lose value.

Investment advice may be provided on investments such as limited partnerships and private placement partnerships. Such investments will only be recommended when consistent with the client's investment goals and risk tolerance. Investment advice may be offered on any investments held by a client at the start of the advisory relationship.

Disciplinary Information

Form ADV Part 2A, Item 9

NONE.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

In addition to providing investment advice, Prosper Advisors also provides fiduciary trust services for separate and typical compensation. These services may entail any or all of the following:

- Living Trusts
- Trustee Under Will
- Charitable Trusts
- Guardianship Services
- Executor Services
- Estate Settlement Services

Advisory clients are under no obligation to utilize Prosper Advisors for these services.

Nadine Lee, Member of Prosper Advisors, in her individual capacity, is a Member and Certified Public Accountant of Nadine Gordon Lee CPA, PLLC (hereinafter "NGL"), an accounting firm.

NGL may recommend Prosper Advisors to accounting clients in need of advisory services. Prosper Advisors may recommend NGL to advisory clients in need of accounting services. Accounting services provided by NGL are separate and distinct from the advisory services of Prosper Advisors, and are provided for separate and typical compensation. There are no referral fee arrangements between Prosper Advisors and NGL for these recommendations. Prosper Advisors clients are not obligated to use NGL for any accounting services, as NGL clients are not obligated to use Prosper Advisors for any advisory services. NGL's accounting services do not include the authority to sign checks or otherwise disburse funds on any Prosper Advisors advisory client's behalf.

Nadine Lee, Member of Prosper Advisors, may also be a trustee/executor for one or more trusts/estates where trusts/estates and/or their beneficiaries are advisory clients of Prosper Advisors. In the event Nadine Lee is a trustee, she may receive trustee fees which would take the place of any investment advisory fees. However, Prosper Advisors may charge reporting fees.

Prosper Advisors individuals may spend as much as 10% of their time on these various aforementioned non-Prosper Advisors activities.

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

Form ADV Part 2A, Item 11

The firm has adopted a written Code of Ethics in compliance with SEC rule 204A-1. The code sets forth standards of conduct and required compliance with federal securities laws. Our code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the firm. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Firm or a related person thereof may buy or sell for itself, himself or herself securities that are also recommended to clients. Full disclosure would be made of any conflict of interest situation.

Brokerage Practices

Form ADV Part 2A, Item 12

As Prosper Advisors does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct Prosper Advisors as to the broker-dealer to be used. In directing the use of a particular broker-dealer, it should be understood that Prosper Advisors will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients.

Prosper Advisors participates in the Schwab Institutional (hereinafter "SI") services program offered to independent investment advisers by Charles Schwab & Company, Inc. (hereinafter "Schwab"), an NASD registered broker-dealer.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, Prosper Advisors may recommend the use of one of several broker-dealers (including, but not limited to Schwab), provided that such recommendation is consistent with Prosper Advisors fiduciary duty. Prosper Advisors clients must independently evaluate these brokers before opening an account. The factors considered by Prosper Advisors when making this recommendation are the broker's ability to provide professional services, Prosper Advisors' experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors.

As part of the SI program, Prosper Advisors receives benefits that it would not receive if it did not offer investment advice in connection with the SI program Money Manager Search & Monitoring clients should refer to the respective independent investment advisor's disclosure document concerning their brokerage arrangements.

Prosper Advisors reserves the right to decline the acceptance of an account if the Broker Dealer who handles the clients account hinders Prosper Advisors ability to service such account(s).

Prosper Advisors may recommend that clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Prosper Advisors may recommend/require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Prosper Advisors is independently owned

and operated and not affiliated with Schwab. Schwab provides Prosper Advisors with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon Prosper Advisors committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Prosper Advisors client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Institutional also makes available to Prosper Advisors other products and services that benefit Prosper Advisors but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Prosper Advisors accounts, including accounts not maintained at Schwab. Schwab's products and services that assist Prosper Advisors in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Prosper Advisors fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Schwab Institutional also offers other services intended to help Prosper Advisors manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Prosper Advisors. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Prosper Advisors. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Prosper Advisors personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, Prosper Advisors may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services.

Review of Accounts

Form ADV Part 2A, Item 13

With respect to investment supervisory service activity, ongoing and continuous monitoring of client portfolios shall be undertaken. Ongoing reviews to ensure portfolios are aligned with targets established for a client shall be conducted by various professionals at the firm assigned to individual clients. Portfolio rebalancing software is also utilized.

Investment selection/elimination is made by the firm's investment committee.

With respect to advisory clients who have received a financial plan, in many cases an annual review shall be encouraged. Such review is typically provided by Nadine Lee or a senior member of the staff.

PORTFOLIO MANAGEMENT:

In addition to the monthly and/or quarterly statements and confirmations of transactions that Portfolio Management clients receive from their broker-dealer and/or custodian, Prosper Advisors will provide quarterly account performance and holdings reports to clients. Performance reports are sent to fee paying clients quarterly. Performance is also reviewed in client meetings.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

NONE.

Custody

Form ADV Part 2A, Item 15

Nadine Lee, Member of Prosper Advisors, may also be a trustee/executor for one or more trusts/estates where trusts/estates and/or their beneficiaries are advisory clients of Prosper Advisors.

Investment Discretion

Form ADV Part 2A, Item 16

Prosper Advisors takes discretion on client's accounts who grant such authorization within an investment advisory agreement. Prosper Advisors will direct, in Prosper Advisors' sole discretion and without first consulting Client, the investment and reinvestment of the assets in Client's account in securities and cash or cash equivalents directly or through the use of third party investment advisers. Client's financial circumstances, investment objectives and any special instructions or limits that Client wishes Prosper Advisors to follow in managing the accounts are described within the client's Investment Policy Statement.

Clients authorize Prosper Advisors to buy, sell, or otherwise trade securities or other investments in the client accounts without discussing the transactions with the Client in advance. Such securities may include, but are not limited to, open or closed end mutual funds, Exchange Traded funds (ETF's/unit trusts), common or preferred stock, convertible stocks or bonds, options, corporate, municipal, or government bonds, and notes or bills. Based on a client's individual circumstances and needs, Prosper Advisors will make recommendations & investments as to which product is appropriate for that client. Factors considered in making this determination include, but are not limited to, account size, risk tolerance, asset allocation model, and the opinion of each client and the investment advisor. As appropriate, Prosper Advisors may utilize third party investment advisers to manage all or a portion of client portfolio assets. Prosper Advisors has conducted due diligence on one or more third party investment advisers and has entered into an agreement(s) with a select adviser(s) to provide Investment Management Services to Prosper Advisors clients. Prosper Advisors monitors these adviser(s) and may, from time to time in its sole discretion, as authorized by the client, hire and/or replace any adviser as part of Prosper Advisors engagement to manage the client's portfolio(s) consistent with the client's objectives.

Prosper Advisors does not directly manage the portfolio or the portion of the portfolio managed by the selected independent investment advisers. Rather, Prosper Advisors manages the independent advisers. As such the client grants the discretionary authority to hire and fire the selected third party investment advisers as Prosper Advisors deems appropriate based on the client's circumstances and needs.

Prosper Advisors endeavors to keep clients informed of all independent investment adviser changes and does not intend in its normal business operations to hire or fire a manager without the client's consent. However, there may be circumstances that

Prosper Advisors will need to make a rapid independent investment adviser change to protect the client's financial interests. Prosper Advisors will attempt to contact the client prior to making any independent investment adviser change by phone, email (if provided) or writing. However, when Prosper Advisors believes time is of the essence, we reserve the right pursuant to the authority granted, to fire and replace a particular independent investment adviser with one more suitable prior to receiving your consent.

Circumstances that can cause the exercise of our authority to fire and hire include but are not limited to:

- Change in underlying manager
- Change in investment style
- Criminal, regulatory, or other charges that make the manager inappropriate or serves to put your assets at risk

Voting Client Securities

Form ADV Part 2A, Item 17

Proxy Voting Policies and Procedures

Prosper Advisors has the authority to vote proxies on behalf of its clients. Our policy is to vote in the best interest of the client generally siding with management's recommendations. For Money Manager Search & Monitoring Services the client is directed to refer to the respective manager's disclosure document for proxy voting.

In the event that Prosper Advisors is responsible for voting client proxies, Prosper Advisors has established a policy that requires the responsible parties at Prosper Advisors to vote such proxies solely in the best interest and for the benefit of its clients. While Prosper Advisors does not expect that there would ever be a material conflict of interest between it and its clients, Prosper Advisors policy also provides that if the responsible parties at Prosper Advisors determine that there is a material conflict of interest on any particular proxy issue, the relevant client will be consulted in determining how to vote such proxy. Client agrees that Prosper Advisors will not be responsible or liable for failing to vote any proxies where it has not received such proxies or related shareholder communications on a timely basis.

If a client wishes to view how Prosper Advisors voted on a particular proxy, please send a written notification or email to Jeff Wund (jeffwund@prosperadv.com) requesting a copy.

Financial Information

Form ADV Part 2A, Item 18

Prosper Advisors does not receive fees more than six months in advance.

Requirements for State-Registered Advisers

Form ADV Part 2A, Item 19

Not applicable

Additional Information

NONE