

**Item 1 – Cover Page**

# LOEB PARTNERS CORPORATION

## SEC File Number 801-39571

Contact:

Robert S. Schwartz  
Chief Compliance Officer  
61 Broadway  
New York, NY 10006  
212-483-7000  
[www.loebpartners.com](http://www.loebpartners.com)

## Brochure Dated September 6, 2012

This brochure provides information about the qualifications and business practices of Loeb Partners Corporation (“LPC”). If you have any questions about the contents of this brochure, please contact us at 212-483-7000 or [rschwartz@loebpartners.com](mailto:rschwartz@loebpartners.com). 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.

References herein to Loeb Partners Corporation as a “registered investment adviser” (or “broker-dealer”) or any reference to being “registered” does not imply any certain level of skill or training.

Additional information about Loeb Partners Corporation is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and on the FINRA website.

## **Item 2 – Material Changes**

This brochure dated August 30, 2012 is prepared according to the SEC’s requirements and rules. The last annual update to this brochure was on December 15, 2011.

This Item 2 is intended to highlight specific material changes that are made to the brochure and to provide clients with a summary of such changes. This section will also reference the date of the last annual update of this brochure.

Beginning August 27, 2012, Robert S. Schwartz has assumed the responsibilities of General Counsel and Chief Compliance Officer (“CCO”).

Pursuant to SEC Rules, clients of Loeb Partners Corporation (“LPC”) will receive a summary of any material changes within 120 days of the close of LPC’s fiscal year. Further ongoing disclosure information about material changes will be provided to clients and potential clients, in the form of an updated brochure document, as necessary, without charge.

Currently, LPC’s brochure may be obtained by contacting Patricia Jones at 212-483-7089 or [pjones@loebpartners.com](mailto:pjones@loebpartners.com).

Additional information about LPC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with LPC who are registered, if applicable, as investment adviser representatives. (Currently there are no IA representatives affiliated with LPC.) Information about LPC and its registered personnel is also available on FINRA’s website for investors:

<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm>.

**Item 3 -Table of Contents**

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation.....	2
Item 6 – Performance-Based Fees and Side-By-Side Management .....	3
Item 7 – Types of Clients.....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Item 9 – Disciplinary Information .....	6
Item 10 – Other Financial Industry Activities and Affiliations .....	7
Item 11 – Code of Ethics .....	8
Item 12 – Brokerage Practices .....	10
Item 13 – Review of Accounts .....	12
Item 14 – Client Referrals and Other Compensation.....	13
Item 15 – Custody.....	14
Item 16 – Investment Discretion.....	15
Item 17 – Voting Client Securities.....	16
Item 18 – Financial Information .....	17
Brochure Supplement(s)	

#### **Item 4 – Advisory Business**

LPC is a Delaware corporation formed on March 1, 1982. LPC is a dual registrant broker-dealer and investment adviser. LPC registered as an investment adviser on July 29, 1991. LPC is 100% owned by Loeb Holding Corporation (“LHC”). Thomas L. Kempner is the Chairman of LHC as well as its majority shareholder.

LPC offers investment advisory services to its Clients (individuals, trusts, retirement plans, estates, not-for-profit organizations, corporations or other entities). LPC does not hold itself out as providing financial, estate, or insurance planning services. As of the date hereof, LPC provides advice to 25 accounts.

The advice that LPC provides with respect to the accounts it manages is made in accordance with the investment objectives and guidelines set forth in the respective Supervised Portfolio Agreement for each separate account. In connection with providing Supervised Portfolio services, LPC has been given full discretionary authority with respect to investment decisions on behalf of, and trading in, the Clients' accounts. Pursuant to their respective Supervised Portfolio Agreements, LPC may permit Clients to impose restrictions on investing in certain securities or types of securities.

LPC does not participate in wrap fee programs.

LPC's Supervised Portfolio assets under management (all discretionary) were approximately \$162,970,725 as of July 31, 2012.

## **Item 5 – Fees and Compensation**

Compensation received by LPC as adviser is comprised of advisory fees based on a percentage of assets under management. Clients generally pay LPC an advisory fee ranging from 3/8% (0.375%) to 1% of the net asset value of the Supervised Portfolio on an annual basis. Advisory fees are payable quarterly, on the last day of each calendar quarter. LPC reserves the right to raise, reduce, waive or calculate differently the advisory fee with respect to its written agreement with any Client. All fees are negotiable and in compliance with Rule 205-3 of the Advisers Act, as amended. As of the date of this brochure, no performance fees are charged.

Generally, LPC's advisory fees are deducted from Client accounts on the last day of each calendar quarter or as otherwise specified in the Supervised Portfolio Agreement. However, Clients may choose not to have fees deducted and, instead, to be billed quarterly for advisory fees incurred. No fee is payable prior to the rendering of services. LPC's advisory fees are for advisory services only and do not include custodial fees or transaction expenses.

Either LPC or a Client may cancel a Supervised Portfolio Agreement at any time by providing written notice to the other party, or as otherwise agreed in the written agreement. No termination shall affect or preclude the consummation of any transaction initiated prior thereto. LPC may, in its sole discretion, charge a pro-rated portion of the advisory fee on any assets withdrawn from the Supervised Portfolio at the time of such withdrawal or at the end of the quarter in which such withdrawal occurs

When LPC acts as broker-dealer for transactions in a Supervised Portfolio, LPC charges a customary commission or mark-up. All commissions are negotiable and may relate to other fees charged. Supervised Portfolios may engage in frequent trading which will result in higher portfolio turnover and higher overall transaction costs. LPC recognizes this as a potential conflict of interest as it may present an incentive for LPC or its registered personnel to generate commissions on trades routed as investment adviser. Commission charges are reduced for Supervised Portfolio Clients. Commissions charged by LPC are separate and apart from Advisory fees. Clients have the option to purchase investment products that are recommended by LPC through other brokers or agents that are not affiliated with Loeb. [See Item 12 for more information re: Brokerage Practices.]

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

LPC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets) for any of the Supervised Portfolio accounts.

Peter Tcherepnine, the manager of the Supervised Portfolio accounts, also manages two pooled investment vehicles (the “Funds”) in his capacity as President of Loeb Partners Management, Inc. (“LPM”), a registered investment adviser affiliated with LPC. Mr. Tcherepnine receives performance-based compensation for his services with respect to the Funds.

Managing accounts with varying compensation structures may present conflicts of interest, including an incentive to favor accounts for which LPC, its affiliates, or its supervised persons receive a performance-based fee over other accounts in the allocation of investment opportunities. LPC has policies and procedures in place, such as a Code of Ethics, and compliance procedures which include surveillance and monitoring, that are designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities.

## **Item 7 – Types of Clients**

LPC's Clients include high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities other than those listed above. LPC generally requires a minimum account asset level of \$250,000 for supervised portfolio services; however, in its sole discretion, LPC may reduce or waive this minimum.

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

The investment strategy for the Supervised Portfolios is tailored to each Client's financial goals and risk-tolerance. However, the portfolio manager generally tries to limit risk for all Clients. Generally, Clients have at least \$250,000 under management and \$1 million net worth.

The portfolio manager invests primarily in large and mid-size public companies, generally does not use leverage, and invests mainly in U.S. dollar denominated securities. The descriptions contained herein of specific activities which may be engaged in by LPC on behalf of its Clients do not in any way limit LPC's trading activities. LPC may engage in activities not described herein which it considers appropriate, so long as such activities are consistent with the Supervised Portfolio Agreement or other written instructions from a Client. Supervised Portfolios may engage in frequent trading which will result in higher portfolio turnover and higher overall brokerage and other transaction costs.

The success of any given Supervised Portfolio depends significantly on the Manager's ability to identify, select, develop and realize appropriate investments. There is no guarantee that suitable investments will be available or that investments will be successful. Investing in securities involves risk of loss that Clients should be prepared to bear.



## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material in evaluating LPC or the integrity of LPC's management.

In 2007, LPC submitted a letter of acceptance, waiver and consent to FINRA in response to a finding of insufficient supervision of a research analyst and late and inaccurate reports to FINRA's Trade Reporting and Compliance Engine (TRACE). LPC was censured, fined \$25,000 and suspended for 30 days from conducting any research analyst activities. LPC subsequently discontinued its research business and amended its policies and procedures regarding TRACE reporting.

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

LPC is a dual registrant, broker-dealer and investment adviser. In its broker-dealer capacity, LPC is registered with FINRA. In addition to the advisory business that is the subject of this brochure, LPC has a retail brokerage business, primarily for the benefit of Loeb family members, friends and employees. When transactions in Supervised Portfolio accounts are effected through LPC, which is generally the case, LPC receives commissions in addition to the fees earned for supervised portfolio services.

Peter Tcherepnine, the portfolio manager and Executive Vice President of LPC, is also the president of LPM, a registered investment adviser affiliated with LPC. LPM manages two pooled investment vehicles. LPC also receives commissions for transactions effected for the Funds managed by LPM. [Please see Item 6 and Item 11 of this brochure for further details.]

Loeb Arbitrage Management LP, Loeb Offshore Management LP and Carl M. Loeb Advisory Partners, L.P., entities collectively doing business as Loeb Capital Management (LCM), are control affiliates of LPC. LCM does not execute trades through LPC and, to the extent possible, the investment activities of LCM and LPC are kept apart through the use of information walls pursuant to the Code of Ethics. Nevertheless, certain management persons have responsibilities relating to both LCM and LPC. These persons include Thomas L. Kempner, Robert S. Schwartz and Edward J. Campbell. In addition, some registered employees of LPC receive compensation for referring investors to the Private Funds managed by LCM.

Thomas L. Kempner is the Chairman of Loeb Holding Corporation (“LHC”), the sole owner of LPC and a controlling owner of LCM, and is not involved in the day-to-day investment decisions of LPC or LCM. In addition, Mr. Kempner serves on the board of a number of private companies and two public companies, Dyax Corp. and Intersections, Inc. Bruce L. Lev, Executive Vice President of LPC, is primarily engaged in management at a senior level and is additionally involved in private equity financing at the LHC level. He is not involved in the day-to-day investment decisions of LPC or LCM. Mr. Lev serves on the board of Integral Systems Inc. as well as on the boards of several private companies. Robert S. Schwartz is the Chief Compliance Officer and has responsibility for maintaining the information wall. Edward J. Campbell is the CFO for LPC, LPM, LCM and LHC.

Certain affiliates of LPC are general or managing partners of limited partnerships which invest in a variety of assets, including publicly traded securities, debt, private equity and any other permitted investment pursuant to the governing documents of each entity. These partnerships do not create a material conflict of interest for Supervised Portfolio Clients.

## Item 11 – Code of Ethics

LPC strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, LPC has adopted a Code of Ethics (the "Code") pursuant to SEC Rule 204A-1. The Code incorporates the following general principles that all employees of LPC, LPM and LCM are expected to uphold: employees must at all times place the interests of Clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their position; information concerning the identity of securities and financial circumstances of the Clients, including the Clients' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times. The Code and Policies and Procedures for the Prevention of Insider Trading contain prohibitions on insider trading and rumor mongering, as well as restrictions and reporting requirements with respect to personal trading, gifts, business entertainment and political donations. An information wall and restricted list are maintained to minimize and manage potential conflicts of interest. All supervised persons at LPC and its affiliates must acknowledge the terms of the Code of Ethics annually, or as amended.

Employee personal trading is monitored by LPC's compliance staff and all employees must provide duplicate confirms or statements, regardless of where their account is maintained. Upon hire, employees are required to submit a report disclosing all personal accounts over which they exercise influence, control or discretion. On a quarterly and annual basis, all employees must submit reports to LPC's compliance staff disclosing all personal investment transactions and holdings. Further detail regarding these policies is included in the Code.

LPC may trade securities for Supervised Portfolio Clients, the two affiliated Funds or other discretionary brokerage accounts (including personal accounts belonging to Mr. Tcherepnine or employees who report to Mr. Tcherepnine) prior to, simultaneously with or subsequent to such recommendation on behalf of any given Supervised Portfolio ("parallel trading"). When parallel trading occurs, securities executed during the same day at various prices are allocated on an average price per share basis, where appropriate, or any other method LPC, in its sole discretion, deems reasonable. There is no negative effect on commission, price or execution as a result of these aggregations. LPC reviews all transactions monthly to prevent or detect potential conflicts of interest so that no customer, including Supervised Portfolio Clients, is adversely affected when involved in transactions effected in tandem with employee related or other accounts.

LPC may, on occasion, buy and sell securities for its own account. Except where it is necessary to facilitate a transaction for a customer, LPC does not enter into principal transactions with its Supervised Portfolio Clients or other customers. When acting as a principal in a transaction with a customer, LPC will provide the best price for its customer. LPC will not buy or sell for its account from or to any ERISA customer unless the transaction is exempt from ERISA rules. LPC receives brokerage commissions on agency transactions for its customers.

From time to time, subject to applicable restrictions, LPC may purchase or sell securities as broker both for a Supervised Portfolio and another party on the other side of the transaction, in which case LPC may receive commissions from both sides and have a potential conflict of interest regarding both parties to the transaction. LPC may give advice or take action with respect to the investments of one or more Clients that may not be given or taken with respect to other Clients or accounts with similar investment programs, objectives and strategies. Accordingly, Client accounts with similar strategies may have varying holdings or performance. LPC or its affiliate, LPM, may advise Clients with conflicting programs, objectives or strategies. Advice given to one or more Clients may adversely affect the prices and availability of securities for one or more other Clients. Finally, LPC and its personnel may have conflicts in allocating their time and services among the Clients. LPC will devote as much time to each Client as it deems appropriate to perform its duties in accordance with its supervised portfolio agreements and will endeavor to allocate investment opportunities fairly.

Situations may occur where a Client could be disadvantaged because of the activities conducted by LPC for other Clients. Such situations may be due to legal restrictions on the combined size of positions which may be taken for all Clients managed by LPC, or the difficulty of liquidating an investment for more than one Client where the market cannot absorb the sale of the combined positions, or the determination that a particular investment is warranted only if hedged with an option and there is limited availability of such options. Instances also may arise where LPC determines an investment opportunity to be suitable for more than one Client but the market is too illiquid to enable each to participate to the extent advisable. Specialized accounts may receive priority.

In the above situations, or in others in which conflicts arise, LPC will endeavor to allocate investment opportunities fairly; nevertheless, from time to time as any given conflict situation arises, such conflict may be resolved in a manner detrimental to a particular Client. Such situations are reviewed by LPC's CCO (or a designee) to ensure that no Client is systematically disadvantaged.

Clients and prospective clients may obtain a copy of the Code by contacting LPC at the address or telephone number listed on the cover page of this brochure.

## Item 12 – Brokerage Practices

LPC's Clients are asked to authorize LPC to act as their broker-dealer. LPC Clients do not have to authorize LPC and can choose a different broker when establishing their account. When LPC acts as broker-dealer for transactions in a Supervised Portfolio, LPC charges a customary commission or mark-up. Generally, commissions are \$.05 per share for equity transactions and .25% for fixed income transactions. A \$50 minimum transaction fee may apply. All commissions are negotiable and may relate to other fees charged. Supervised Portfolios may engage in frequent trading which will result in higher portfolio turnover and higher overall transaction costs. When executing orders in OTC securities on an agency basis, the price of the security may also include the market maker's mark-up or mark-down in addition to the commission LPC (as broker-dealer) may charge. LPC may receive other compensation based on the sale of securities or other investment products. The SEC notes that this practice may give a supervised person an incentive to recommend investment products based on the compensation received, rather than on the client's needs. LPC recognizes this potential conflict of interest and supervises accordingly.

LPC may use the services of other brokers depending on several factors. Broker selection criteria includes, but is not limited to, price, commission charges, the broker's trade execution capabilities, operational efficiency, financial strength, integrity and stability and comprehensiveness of related services considered to be of value. All commissions are negotiable.

LPC does not purchase securities offered in initial public offerings ("New Issues").

LPC receives research services in the form of written reports, telephone contacts and personal meetings with securities analysts from executing broker-dealers and may include information on the economy, industries and/or individual companies as well as other trends and developments that may affect investment decisions. LPC may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction in recognition of the value of the brokerage and related services provided by the broker. LPC will effect such transactions, and will receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). Currently, LPC does not have, and does not anticipate having, any formal third-party soft dollar arrangements. The investment information received from other brokers may be used by LPC in servicing any client, without regard to where transactions are executed.

A broker is not precluded from receiving business because it has not been identified as providing research services. The investment information received from other brokers may be used by LPC in servicing any and all Clients and not all such information may be used by LPC in connection with any particular Client. Broker-dealers may suggest a level of business they would like to receive in return for the various products and services they provide. LPC does not make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, and does not commit to informal targets. LPC believes it is important to its investment decision-making process to have access to independent research.

LPC maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

### **Item 13 – Review of Accounts**

Thomas L. Kempner, Chairman, CEO and President, or an appropriate designee, and Peter Tcherepnine, EVP, review all accounts on a regular basis, no less frequently than quarterly. Mr. Kempner and Mr. Tcherepnine are assisted by the CFO, the CCO and other supervisor-level employees. When Supervised Portfolio Clients maintain brokerage accounts at LPC, the officers review such accounts regularly to ensure that the investment objectives of each account are being met in light of its financial status, characteristics and goals.

The portfolio manager generally reviews client accounts based on market conditions or other factors specific to the client. Legal and Compliance staff review accounts to test against investment restrictions and regulatory requirements.

Individual client accounts receive monthly or quarterly written statements, as applicable, from LPC's clearing broker, JP Morgan Clearing Corp. (JPMCC), or from the bank or broker at which the account is maintained, that contain a description of each asset together with cost and current market value as well as the details of all transactions, dividend and interest payments, additions and/or withdrawals which have taken place during the period.

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

Rule 206(4)-3 of the Investment Advisers Act (generally referred to as the “cash solicitation rule”) requires that LPC enter into a written agreement with anyone other than an officer, director or employee of LPC, who solicits prospective investment advisory clients on behalf of LPC. This agreement would set forth, among other things, the terms and conditions of the solicitation activities and the compensation to be received. LPC does not have any such agreements in place with respect to Supervised Portfolio Clients.

Unrelated to LPC’s Supervised Portfolio business, certain registered employees of LPC may receive compensation for referring investors to private funds managed by LCM, an affiliate of LPC. In addition, LCM may occasionally enter into agreements with outside parties to raise capital by adding limited partners to the private funds it manages. Such parties will receive a portion of the net management fee charged to each investor introduced as a result of these agreements. There is no additional charge to the investor in the LCM-managed fund as a result of these agreements. LPC’s Supervised Portfolio Clients and brokerage clients are not solicited to invest in the funds managed by LCM. However, this does not preclude the possibility that a registered representative of LPC could earn a referral fee in the event that a Supervised Portfolio Client or brokerage client invests in one of the funds managed by LCM.



## **Item 15 – Custody**

The SEC deems an investment adviser to have custody of client assets any time an adviser has access to clients' funds or securities, including when an adviser directly or indirectly holds client assets, has the authority to obtain possession of client assets, or has the ability to appropriate client assets. For these purposes, SEC registered advisers are deemed to have custody based solely on the ability to debit advisory fees.

LPC is deemed to have "custody" of client assets because it has arrangements with Clients whereby LPC may directly debit advisory fees from Client accounts, and therefore it must comply with Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). The Custody Rule requires that such clients' assets be maintained with a Qualified Custodian. JPMCC serves as the Qualified Custodian for the assets of the majority of LPC's Supervised Portfolio Clients.

Subject to certain exceptions, the Custody Rule provides that advisory clients must receive quarterly account statements directly from the Qualified Custodian. LPC has a reasonable belief that account statements are provided to Clients by JPMCC (or another Qualified Custodian) on a monthly basis (quarterly for inactive accounts) and LPC reviews these statements monthly on the JPMCC website or paper format. LPC does not send statements directly to Clients. Clients should carefully review the statements they receive from the Qualified Custodian and should contact LPC if they are not receiving statements or have other questions.

## **Item 16 – Investment Discretion**

LPC usually accepts discretionary authority, including trading authorization, from the Client at the outset of an advisory relationship (as described in the Supervised Portfolio Agreement). The discretionary authority includes the selection of securities to be bought or sold, the amount and price of those securities, the brokers or dealers to use for a particular transaction as well as commissions, markups and markdowns. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account.

Investment guidelines and limitations must be provided to LPC in writing.

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

Rule 206(4)-6 of the Investment Advisers Act requires registered investment advisers that exercise voting authority over Client securities to implement proxy-voting policies. In compliance with such rule, LPC has adopted proxy voting policies and procedures (the “Policies”).

LPC’s general policy is to vote proxy proposals, amendments, consents or resolutions relating to securities, including interests in pooled investment vehicles, if any (collectively, “proxies”), in a manner that serves the best interests of LPC’s Clients, as determined by LPC in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices.

LPC will refrain from voting proxies where LPC believes that voting would be inappropriate.

If a material conflict of interest exists between the interests of LPC and those of the relevant Client with respect to any issue to be voted on, LPC will base its voting decision exclusively on LPC’s judgment of what will best serve the financial interests of the Client that beneficially owns the securities that are the subject of the vote. Certain Clients may retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios and will receive proxies or other solicitations directly from their custodian or transfer agent. LPC may provide advice to clients regarding the voting of proxies.

Clients may obtain a copy of the Policies or the proxy voting record relating to their Account by contacting LPC (contact information is provided on the cover page of this brochure).

## **Item 18 – Financial Information**

As a registered investment adviser, LPC is required in this Item to provide you with certain financial information or disclosures about its financial condition. LPC has no financial commitment that impairs its ability to meet contractual commitments to its Clients. LPC has not been the subject of a bankruptcy proceeding.