

Item 1. Cover Page

Brochure of

JBF Capital, Inc.

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This brochure provides information about the qualifications and business practices of JBF Capital, Inc. (“JBF Capital”). If you have any questions about the contents of this brochure, please contact us at (970) 920-1145 or jbf@drakeslp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about JBF Capital also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

The following are the material changes to this brochure since its last annual update, dated June 29, 2011.

- The amount of JBF Capital’s assets under management described in Item 4 has been updated and revised to show that the amount is net capital. JBF Capital’s investment strategy description has been also been updated.
- Additional details about the risks of certain types of investments have been added to Item 8.
- JBF Capital has now applied to be registered as an investment adviser with the SEC. When that registration is effective, it will withdraw its Colorado investment adviser registration. Based on its pending registration, JBF Capital has revised the statement of its Code of Ethics, which is described in part in Item 11.

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Item 4. Advisory Business

JBF Capital, Inc. (“JBF Capital”) is a Delaware corporation that has been in business since 2004. JBF Capital’s sole director, executive officer and portfolio manager is John B. Fullerton. JBF Capital’s sole shareholder is a revocable trust established by Mr. Fullerton and his wife.

JBF Capital serves as the investment adviser to a domestic investment limited partnership, Drakes Landing Associates, L.P. (“Drakes Landing”). JBF Capital provides this service as the general partner of Fullerton Partners, a Delaware Limited Partnership (“Fullerton Partners”), which in turn serves as the general partner of Drakes Landing. Fullerton Partners’ only activity is serving as the general partner of Drakes Landing. Drakes Landing has been investing since 1989 and Fullerton Partners has been its general partner since that time.

Prior to 2004, Mr. Fullerton managed Drakes Landing through two predecessor entities of JBF Capital. One of those predecessors was registered as an investment adviser with the California Department of Corporations. In 2004, Mr. Fullerton moved the business to Colorado and restructured the investment advisory firm into JBF Capital.

Since the end of 2007, JBF Capital also has served as the general partner of two liquidating funds that were spun off from Drakes Landing (the “Liquidating Funds”). The Liquidating Funds own illiquid interests in other investment funds, such as venture funds and private equity funds. The Liquidating Funds do not make new investments, they merely hold their existing investments until those investments are sold or otherwise liquidated, at which time the net proceeds will be distributed to the partners of the respective liquidating fund. Investors in the Liquidating Funds may neither add nor withdraw funds at their discretion. Therefore, all distributions from the Liquidating Funds are made pro-rata to a set group of existing partner interests. In this brochure, JBF Capital refers to Drakes Landing, Fullerton Partners and each of the Liquidating Funds individually as a “Fund,” and together as the “Funds.” The Funds are currently JBF Capital’s only clients, although it may manage additional client accounts in the future. Currently, Drakes Landing is JBF Capital’s only fee paying client.

As of January 31, 2012, JBF Capital had total net discretionary assets under management of approximately \$452.8 million. JBF Capital only manages assets on a discretionary basis.

Currently, Drakes Landing’s primary activity is investing in individual long equity positions. To a lesser extent Drakes Landing also invests in mutual funds and exchange traded funds. In its securities selection Drakes Landing employs a value oriented strategy; it strives to capture the long run returns, if any, from a diversified portfolio of equities managed to exploit perceived security mispricings. Drakes Landing engages in hedging activities at certain times, as JBF Capital determines in response to certain market factors, but investors should expect portfolio returns to be subject to the vagaries of overall market risks. Additional information about the Funds’ investment strategy is at Item 8 of this brochure. JBF Capital is authorized to enter into any type of investment transaction that it deems appropriate under the terms of Drakes Landing’s partnership agreement. Drakes Landing may also invest in other investment funds.

Fund investors have no opportunity to select or evaluate any Fund investments or strategies. JBF Capital selects all Fund investments and strategies. JBF Capital does not tailor its advisory

services to the individual needs of particular Fund investors, but manages the Funds according to their stated strategy.

Item 5. Fees and Compensation

Quarterly Management Fees. JBF Capital has one client that pays fees: Drakes Landing. Typically the limited partners of Drakes Landing pay a quarterly management fee to JBF Capital, the sole managing partner of Fullerton Partners, which is the sole general partner of Drakes Landing. The management fee is 0.25% per quarter (approximately 1% per year) of each fee-paying limited partner's capital account in Drakes Landing, payable in advance on the first day of each calendar quarter, based on the net market value of such capital account on the date the fee accrues and becomes payable. JBF Capital waives this fee for certain limited partners, principally Fullerton family members and certain 501(c)(3)s (charitable organizations.)

JBF Capital deducts management fees directly from Drakes Landing. If Drakes Landing invests in other investment funds and mutual funds, such as ETFs, it is also paying, indirectly, investment advisory fees to the managers of those funds. JBF Capital believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees. The limited partners of the Funds other than Drakes Landing do not bear a management fee, but those Funds bear their own expenses, as discussed below.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in a Fund to use the "alternative reporting option" to report JBF Capital's compensation as "eligible indirect compensation" on the Schedule C of the plan's Form 5500 Annual Return/Report of Employee Benefit Plan.

Fees Relating to Terminations and Withdrawals. JBF Capital's relationship with each Fund will terminate on expiration of the Fund's term, dissolution of the Fund or on JBF Capital's withdrawal or other termination as general partner or investment adviser of the Fund. An investor may withdraw from Drakes Landing or Fullerton Partners on any December 31 that occurs on or after the investor has been in such Fund for at least a year by giving at least 75 days advance notice, except investors in Fullerton Partners are subject to a two-year lock-up. Investors also have a special withdrawal right if certain events occur affecting JBF Capital or its investment in Fullerton Partners and Drakes Landing. Investors in the Liquidating Funds may not withdraw (at their initiative) from those Funds.

In all cases, investors bear expenses and their pro rata portion of the management fee through the date of termination or withdrawal. If JBF Capital permits an investor to withdraw from Drakes Landing on a date other than December 31, Drakes Landing does not refund any management fee previously paid by that investor. Moreover, that investor may also be required to pay a fee of up to 1% of the amount withdrawn, although JBF Capital has not historically imposed the 1% withdrawal fee.

Expenses. Each Fund is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions and charges, expenses related to short sales, custodial

fees and clearing and settlement charges), borrowing and margin expenses, ongoing legal and accounting fees and expenses. JBF Capital bears its own operating, general, administrative and overhead costs and expenses, including the fees and expenses charged by the Fund's administrator.

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

Not Applicable.

Item 7. Types of Clients

JBF Capital provides investment advice to the Funds. Investors in Drakes Landing are required to invest a minimum of \$600,000, but JBF Capital may waive this minimum.

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

Investment Strategy.

Drakes Landing primarily invests in individual securities selected by JBF Capital. It also has small investments in various pooled investment funds that invest in securities that are managed by other professional investment managers (so-called "sub-advisers") selected and monitored by JBF Capital. Drakes Landing's investments and the investments of these accounts and pools that are managed by sub-advisers consist principally, but not solely, of equity and equity-related securities that are traded publicly in U.S. and non-U.S. markets and private securities that are restricted from trading. Drakes Landing may also invest in preferred stocks, convertible securities, warrants, rights, options (including covered and uncovered puts and calls and over-the-counter options), swaps and other derivative instruments, bonds and other fixed income securities, non-U.S. currencies, futures, options on futures, other commodity interests and money market instruments. Drakes Landing may also engage in short selling, margin trading, hedging and other investment strategies. As mentioned in Item 4, JBF Capital employs what is generally known as a value oriented investment strategy. In doing so, it will buy "longs" that it considers good values by such criteria as Price to Book Value, Price to Earnings, Price to Cash Flow, etc.; to the extent that it "shorts" stocks, those "shorts" generally will have opposite characteristics.

Returns and Risk. As described above, currently Drakes Landing primarily invests in a diversified portfolio long equity securities positions. As a result, JBF Capital expects Drakes Landing's returns to be relatively volatile and subject to the vagaries of overall market risks. It is important for current and prospective partners to understand that while the current strategy employed by JBF Capital involves risks similar to the overall stock market, in the future, its investment strategy and tactics may increase the risk inherent in Drakes Landing beyond general market risks, perhaps greatly beyond. Investors should expect risk to increase during periods of very depressed equity prices, especially if the prices of small capitalization equities and the equities of companies that might have spotty business histories and tenuous, uncertain outlooks offer outstanding probable future returns in the judgment of JBF Capital.

An investment in Drakes Landing should be considered a long-term investment. Such investment is not intended to meet investors' short-term financial needs or to provide a complete or balanced investment program.

The investment strategy summarized above represents JBF Capital's current intentions, is general in nature and is not exhaustive. Drakes Landing has no limits on the types of securities or commodities it may hold, the types of positions that it may take, the concentration of its investments or the amount of leverage that it may use. JBF Capital may use any trading or investment techniques for Drakes Landing, whether or not contemplated by the investment strategy described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities and commodities markets and the economy generally, JBF Capital may pursue any objectives or use any techniques that it considers appropriate and in clients' interest.

Risk Factors

Investing in securities and commodities involves risk of loss that clients should be prepared to bear. Below are brief summaries of some of the risks that investors should consider before investing in Drakes Landing. Any or all of such risks could materially and adversely affect investment performance, the value of any account or any security or commodity held in a Fund, and could cause investors to lose substantial amounts of money. Potential investors in Drakes Landing should review its offering circular carefully and in its entirety, and consult with their professional advisers before deciding whether to invest. A potential client or investor should discuss with JBF Capital's representatives any questions that such person may have before investing in Drakes Landing.

General Risk

- JBF Capital's strategy may not achieve its investment objectives. If the strategy is not successful, investors may lose some or all of their investment.
- The success of JBF Capital's investment strategy depends on the skill and acumen of John B. Fullerton in selecting Fund investments directly and in selecting other managers and other funds. Mr. Fullerton devotes a significant amount of time to other activities. If Mr. Fullerton should cease to participate in JBF Capital's activities, its ability to select attractive investments and manage its portfolio could be impaired.

Risks Associated with Drakes Landing's Investment Strategies

- Investor sentiment as to the market, an industry or an individual stock, fixed income or other security is unpredictable and can adversely affect investment performance. Drakes Landing may hold stocks that disappoint earnings expectations and decline in price.
- Drakes Landing may take positions in securities of small, unseasoned companies that are less actively traded and more volatile than securities of larger companies. In addition, relative to larger companies, small unseasoned companies may release less public information about their businesses and may face additional business risks, such as lack of operating capital, lack

of experienced management, lack of market acceptance for new products and services, and competition from more established businesses. As a result of these factors securities of small, unseasoned companies represent a higher risk of large or even total loss than the securities of larger, seasoned companies.

- JBF Capital may not obtain complete or accurate information about an investment and may misinterpret the information that it does receive. It is unlikely, but JBF Capital also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for Drakes Landing when Drakes Landing could make a profit or avoid losses.
- When JBF Capital selects other investment funds, it may not receive full or accurate information to evaluate correctly such funds' future prospects, or the managers of such funds may mismanage the funds, steal investors' money or negligently supervise their funds' activities and counterparties.
- Drakes Landing may leveraged its positions by borrowing on margin and trading options, futures and other derivatives, which increases volatility and risk of loss. Derivative instruments are highly volatile and risky and can be difficult to value. An incorrect valuation could result in losses. Derivatives also present additional trading and counterparty risks.
- Drakes Landing may sell covered and uncovered options on securities. Option prices generally are more volatile than prices of other securities. The sale of uncovered options could result in unlimited losses.
- Drakes Landing may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce capital invested and potential profit or increase loss.
- Investing in exchange traded funds (ETFs) presents additional risks than the risks of investing in the underlying investments. For example, an ETF may own a significant proportion of securities that is different from its stated purpose, or the bid and ask spread for its shares may become significant if the ETF becomes thinly traded.
- Although Drakes Landing has never purchased or sold financial or commodity futures contracts, it does have the authorization to do so in its partnership agreement. Using stock index futures or commodity futures contracts, whether as a hedging device or as a direct speculative investment, involves particular risks. Price movements in stock indices and the underlying securities do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange. In addition, there may be no active market for specific contracts at a particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, Drakes Landing may not be able to liquidate unfavorable positions promptly and may lose money.
- Drakes Landing may from time to time sell securities short, resulting in a theoretically unlimited risk of loss if the prices of the securities sold short increase.

- Management and stockholders of an issuer may sue short sellers to deter short sales of the issuer's securities. JBF Capital, Fullerton and Drakes Landing could be subject to such actions, even if they are baseless, and Drakes Landing could incur substantial costs defending them.
- If the prices of securities sold short increase, Drakes Landing may need to provide additional funds or collateral to maintain the short positions. This could require Drakes Landing to liquidate other investments to provide additional collateral. Such liquidations might not be at favorable prices.
- To make a short sale, Drakes Landing must borrow the securities being sold short. It may be impossible to borrow securities at the most desirable time to make a short sale, particularly in illiquid securities markets.
- Special rules, which differ from jurisdiction to jurisdiction, apply to short sales. For example, temporary or permanent governmental orders may from time to time prevent Drakes Landing from executing short sales of these securities at the most desirable time.
- Drakes Landing may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movements in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. JBF Capital is not obligated to hedge Drakes Landing's portfolio positions, and it frequently may not do so.
- Counterparties such as brokers, dealers, futures commission merchants, custodians and administrators with which JBF Capital does business on behalf of a Fund may default on their obligations. For example, Drakes Landing may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- JBF Capital may cause Drakes Landing to enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- JBF Capital may cause Drakes Landing to invest in securities of non-U.S., private and government issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- Drakes Landing may invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or impossible to sell at prices comparable to the market prices of similar publicly-traded securities and may never become publicly traded.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities and commodities markets and large investment losses. Government

actions responding to these conditions could lead to inflation and other negative consequences to investors.

- JBF Capital may acquire for Drakes Landing a large position in an issuer's securities but Drakes Landing nevertheless is unlikely to have any control over the issuer's management. In addition, if Drakes Landing holds a large position in an issuer's securities, Drakes Landing's subsequent sale of all or any portion of that position could depress the market for those securities.
- Some Fund portfolio positions may be or become illiquid, in which case a Fund may not be able to sell those positions.
- If the assets that JBF Capital manages grow too large, it may adversely affect performance, because it is more difficult for JBF Capital to find attractive investments as the amount of assets that it must invest increases.
- Although JBF Capital does not receive incentive-based compensation, the managers of the venture capital, private equity or other funds in which Drakes Landing invests may charge such compensation. Incentive or performance compensation may create an incentive for those managers to make investments that are riskier than would otherwise be the case.

Risks Associated with the Liquidating Fund Investment Strategies

- Investments in private equity funds and venture capital funds present unique investment risks. Venture capital fund risks include the risks that smaller or less established companies and companies with new technology or products frequently fail to meet their business objectives and may become worthless.
- The Liquidating Funds may not be able to liquidate the positions they hold for many years, and those investments may become worthless.
- As described in Item 4, investors in the Liquidating Funds are locked in, and will realize returns, if any, only as a result of distributions from the Liquidating Funds made pro-rata to all partners.
- Although JBF Capital currently contemplates promptly liquidating any securities positions distributed to us by the underlying investment partnerships in the Liquidating Funds, for various reasons and at its discretion, JBF Capital may decide to hold otherwise tradable securities positions. In such event, this would introduce additional market and security risk.
- The managers of the underlying equity and venture capital funds in the Liquidating Funds may mismanage their funds, steal investors' money or negligently supervise their funds' activities and counterparties. Similarly, those managers face the same counterparty risks as Drakes Landing as described above.

- Most of the above-described risks applicable to Drakes Landing also apply to the investment partnerships held by the Liquidating Funds, although JBF Capital does not exercise any discretion whatsoever concerning those investment partnerships.

Risks Associated with the Funds Investment Structure

- JBF Capital may determine the value of securities and commodities held in the Funds' accounts, whether or not a public market exists for those instruments. If JBF Capital's valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new Fund investor might receive an interest that is worth more or less than the investor paid and an investor that is withdrawing assets might receive more or less than the amount to which the investor is entitled, to the detriment of that investor or the other investors in that Fund.
- JBF Capital and its affiliates and agents generally are not responsible to any client or investor for losses incurred in an account unless the conduct resulting in such loss results from JBF Capital's gross negligence or willful misconduct.
- There is not and will never be an active market for Fund interests. It may be impossible to transfer those interests, even in an emergency.
- Drakes Landing and Fullerton Partners may be unable to generate cash necessary to satisfy investor withdrawals. Substantial withdrawals in a short period could force Drakes Landing to sell portfolio positions too rapidly, and may so reduce the size of Drakes Landing that it cannot generate returns or reduce losses.
- Drakes Landing may limit or suspend withdrawals of an investor's assets, thus also limiting withdrawals from Fullerton Partners. Except in limited circumstances, investors may withdraw from Drakes Landing only at the end of each year and only with 75 days' prior notice; investors in Fullerton Partners are subject to the same restrictions plus a two-year lockup. Investors may not withdraw from the liquidating Funds.
- Each of the Funds may establish a reserve for contingencies if JBF Capital considers it appropriate. Investors may not withdraw assets covered by that reserve until it is lifted.
- The tax returns of the Funds are especially complicated and may be delayed each year, because the Funds invest in other partnerships and vehicles with pass-through taxation. These returns may present additional risks of both filing delays and scrutiny from the Internal Revenue Service. None of the Funds are intended to provide any tax shelter. Investors should expect to have taxable income even though the Funds do not expect to make distributions to pay the tax on such income.
- Fund investors must hire their own counsel for legal advice and representation. The attorneys who represent Mr. Fullerton do not represent the Funds or Fund investors.
- The Funds may dissolve or expel any investor at any time, even if such actions adversely affect such investor.

- If a Fund becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.
- JBF Capital may provide certain investors more frequent or detailed reports and withdrawal rights that it does not provide to other investors.
- JBF Capital or any government agency may freeze assets that any of them believes an investor holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. Neither JBF Capital nor the Funds will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- Drakes Landing does not intend to make distributions, but intends instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from Drakes Landing without a cash distribution to pay the related taxes.

Other General Risks

- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that JBF Capital must devote to regulatory compliance, to the detriment of investment activities.
- JBF Capital expects to be registered with the SEC as an investment adviser by the end of March, 2012, but it is not currently registered as such with the SEC. JBF Capital is not registered with the SEC as a broker-dealer or with the Commodity Futures Trading Commission as a commodity pool operator. JBF Capital currently is registered as an investment adviser with the Colorado Division of Securities. The interests in the Funds are not registered under the Securities Act of 1933, and the Funds are not registered investment companies under the Investment Company Act of 1940. JBF Capital believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, JBF Capital and any Fund could be subject to expensive and distracting legal action and potential termination. In addition, investors in the Funds do not have certain regulatory protections that they would have if these registrations were in place.
- JBF Capital's activities could cause adverse tax consequences to its client and investors, including liability for interest and penalties.
- JBF Capital's activities may cause an account that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.

The above is only a brief summary of some of the important risks that a Fund investor may encounter. Before deciding to invest in Drakes Landing, you should consider carefully all of the risk factors and other information in its offering circular.

Item 9. Disciplinary Information

JBF Capital has no legal or disciplinary events to disclose that are material to an investor's or prospective investor's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

Neither JBF Capital nor its management persons have the types of registrations, relationships or arrangements with others in the securities or investments industries for which this item requires disclosure, and none of them have any applications pending for registrations for which this item requires disclosure.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

JBF Capital has adopted a Code of Ethics that establishes standards of conduct for its only supervised person, John B. Fullerton. The Code of Ethics requires Mr. Fullerton to comply with his fiduciary obligation to clients and applicable securities laws, and includes specific requirements relating to personal trading, insider trading, conflicts of interest, confidentiality of client information and other things. In addition, the Code of Ethics requires Mr. Fullerton, who is a CFA, to comply with the CFA Institute's Code of Ethics and Standards of Profession Conduct.

JBF Capital's Code of Ethics strives to minimize conflicts of interest. It does this in two principle ways. First, under the Code of Ethics, neither John B. Fullerton nor JBF Capital may engage in any individual publically traded securities transactions, except: 1) in the case of Mr. Fullerton, the purchase (at initial public offering) and subsequent sale of stock relating to mutual savings bank conversions where Mr. Fullerton has had a long-standing deposit relationship with the savings bank; 2) with respect to both Mr. Fullerton and JBF Capital, the sale or other disposition of publically traded securities received as distributions from investment partnerships (including Drakes Landing) held by Mr. Fullerton or JBF Capital; and 3) Mr. Fullerton may purchase and sell ETFs for his personal account. Under the Code of Ethics described above, to the extent Mr. Fullerton trades ETFs, he gives priority in time to Drakes Landing. Second, JBF Capital has only one fee paying client, Drakes Landing. Thus, in relationships with "clients", JBF Capital executes any and all publically tradable investment ideas exclusively for Drakes Landing.

John B. Fullerton personally advises or directs investment activities of friends or charitable foundations without charging a fee; JBF Capital does not consider these friends and/or charitable foundations as "clients." To the extent that this advice or investment activity might conflict with the activities and interests of Drakes Landing, Mr. Fullerton gives priority in investment transactions to Drakes Landing.

Although John B. Fullerton does not engage in personal trading of publically traded individual securities (subject to the three exceptions), he does hold various mutual funds. Mr. Fullerton maintains complete records of his personal trading to establish that his trading complies with JBF Capital's Code of Ethics. Clients, investors and prospective clients and investors may obtain a

copy of JBF Capital's Code of Ethics by contacting Mr. Fullerton at jbf@drakeslp.com or (970) 920-1145.

Item 12. Brokerage Practices

JBF Capital has complete discretion in selecting the broker or futures commission merchant (FCM) that it uses for the internally managed investments of Drakes Landing and the commission rates that Drakes Landing pays. JBF Capital generally allocates portfolio transactions to brokers and FCM's based on best execution, including net price and other factors. These other factors include, for example:

- clearance, settlement and reputation;
- financial strength and stability;
- efficiency of execution and error resolution;
- the availability of stocks to borrow for short trades;
- special execution capabilities;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- willingness to commit capital;
- knowledge of other buyers and sellers;
- order of call;
- confidentiality, custody, recordkeeping and similar services;
- offering to JBF Capital on-line access to computerized data regarding clients' accounts; and
- other matters involved in the receipt of brokerage services generally.

JBF Capital may purchase from a broker or FCM or allow a broker or FCM to pay for the following (each a "soft dollar" relationship), although it has not engaged in any "soft dollar" arrangements to date:

- research reports, services and conferences and economic and market information;
- portfolio strategy advice;
- performance measurement data;
- on-line pricing; and
- technical data, recommendations and consultations.

JBF Capital does not direct Drakes Landing transactions to a particular broker or FCM in return for client referrals, and under its Code of Ethics will not do so in the future.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor is subject to the traditional standards of fiduciary duty under state and federal law. To the extent JBF Capital receives soft dollar goods and services with respect to the Funds' brokerage transactions, they are expected to be within this safe harbor. In addition, JBF Capital may receive soft dollar credits on principal, as well as agency, securities transactions with brokers and FCMs.

The relationships with brokers and FCMs that provide services to JBF Capital may influence JBF Capital's judgment in allocating brokerage transactions and may create a conflict of interest in using the services of those brokers and FCMs to execute Drakes Landing's brokerage transactions. The brokerage fees that Drakes Landing pays could benefit JBF Capital at the expense of Drakes Landing, to the extent that the brokers provide service to JBF Capital that are not otherwise reimbursable by the Funds. To the extent that JBF Capital may execute transactions based on its relationships with brokers and FCMs, JBF Capital believes that these relationships benefit it and the Funds, but Drakes Landing trades executed through these firms or any other broker or FCM may or may not be at the best price otherwise available.

JBF Capital would address these conflicts of interest by evaluating the trade execution services that it receives from the brokers and FCMs that it uses to execute trades for clients. Such evaluation would include comparing those services to the services available from other brokers and FCMs. JBF Capital would consider, among other things, alternative brokers, market makers and market centers, the quality of execution services, the value of continuing with various services and adding or removing brokers or FCMs, increasing or decreasing targets for each broker or FCM and the appropriate level of commission rates.

JBF Capital has retained Goldman Sachs & Co. to serve as Drakes Landing's prime broker and custodian. JBF Capital may replace that firm or appoint one or more additional prime brokers and custodians at any time. The services that Goldman Sachs currently provides as prime broker may include execution, custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage agreements entered into between Drakes Landing and these firms. Goldman Sachs's address is One New York Plaza, New York, New York 10004.

Goldman Sachs may provide other services to JBF Capital, including news and stock market information systems and connections, portfolio reporting and access to electronic communications networks. JBF Capital uses these services for research and trading on behalf of Drakes Landing. Although many prime brokers provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if JBF Capital did not receive these services from a broker or FCM, JBF Capital would be required to pay for all or some portion of them. JBF Capital is not required to direct a particular number of trades to either prime broker or to continue to use that firm as a custodian, but it has an incentive to do so based on such services.

None of JBF Capital's clients may direct brokerage selection.

Item 13. Review of Accounts

John B. Fullerton, JBF Capital's sole portfolio manager, reviews all directly owned, internally managed individual stocks, mutual funds and other positions daily. The reviews take into account changes in industry outlook, earnings and price levels. Mr. Fullerton also considers such factors as industry concentration, future prospects of each issue, percentage invested and company management. Mr. Fullerton reviews all investment partnerships owned by Drakes Landing and the Liquidating Funds at least monthly.

JBF Capital provides Fund investors a quarterly letter estimating performance results and discussing investment observations and considerations, as well as an annual investment letter after the fourth quarter. JBF Capital also provides annual tax information and audited financial statements to Fund investors.

Item 14. Client Referrals and Other Compensation

Not applicable.

Item 15. Custody

Not applicable.

Item 16. Investment Discretion

JBF Capital has discretionary authority to manage the Funds' investment portfolios pursuant to a grant of authority in each Fund's limited partnership agreement.

Item 17. Voting Client Securities

JBF Capital decides whether to vote proxies on behalf of the Funds after considering whether the proposal will have a material effect on the Funds' investment strategies. This analysis frequently leads JBF Capital not to vote proxies. In determining whether a proposal serves the Funds' best interests, JBF Capital considers a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

JBF Capital abstains from voting proxies when JBF Capital believes that it is appropriate to do so. Usually, this occurs when JBF Capital believes that the proposal will not have a material effect on JBF Capital's investment strategy.

If a material conflict of interest over proxy voting arises between JBF Capital and a client, JBF Capital will vote all proxies in accordance with the policy described above.

A client can obtain a copy of JBF Capital's proxy voting policy and a record of votes cast by JBF Capital on behalf of that client by contacting John Fullerton of JBF Capital at the contact information shown in Item 11 above.

Item 18. Financial Information

JBF Capital does not require prepayment of advisory fees six months or more in advance, and is therefore not required to include a balance sheet for its most recent fiscal year. JBF Capital is not subject to any financial condition that is reasonably likely to impair its ability to meet its

contractual obligations to the Funds or the subject of any bankruptcy petition, nor has it been the subject of any bankruptcy petition at any time in the past.

Item 19. Requirements for State-Registered Advisers

Not Applicable.

Privacy Policy

JBF Capital and the Funds:

- collect non-public personal information about their clients and investors from the following sources:
- information received from clients or investors on applications or other forms, and
- information about clients' or investors' transactions with JBF Capital, its affiliates or others;
- do not disclose any non-public personal information about their clients or investors or former clients or investors to anyone, except as permitted by law;
- restrict access to non-public personal information about their clients and investors to their employees and to the fund administrator who need to know that information to provide services to clients; and
- maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

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