

**ITEM 1 FORM ADV**

**Part 2A Brochure**

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**This brochure provides information about the qualifications and business practices of Resolution Partners LLC., an investment advisor registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact Resolution Partners LLC at 212-350-1950 or email Niklas Lamotte at [nlamotte@resolutionfunds.com](mailto:nlamotte@resolutionfunds.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. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.**

**This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related sub**

**Additional information about Resolution Partners LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 Material Changes**

This brochure, dated March 21, 2012, is an annual disclosure document for Resolution Partners LLC, prepared according to the requirements of the SEC. This brochure is a narrative that is different in form and content to the previous Part II of the Form ADV, and it includes some new information not previously required by Part II. After the initial filing of this brochure, on an annual basis this item will be used to update, identify and discuss any material changes to the brochure since the last annual update.

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#### **ITEM 4. Description of Advisory Business**

Resolution Partners LLC (“Resolution”) is an investment advisor providing discretionary investment management services to investment companies, hedge funds and other separately managed accounts (the “Accounts”) for institutional and sophisticated investors. The Funds and the Accounts are referred to in this document as Clients.

Resolution began operations in September of 2002 and is a privately owned Limited Liability Company equally owned by Niklas Lamotte and Samuel Perlman.

Resolution provides investment supervisory services to its Clients. The Company uses various types of securities in its investment strategy, including equities, government and corporate debt, options and derivatives. It invests for its clients primarily in long short credit strategies specializing in event driven opportunities.

Resolution manages \$24.0 million for Clients all on a discretionary basis.

## **ITEM 5. Fees and Compensation**

Please refer to the applicable Private Placement Memorandum or Investment Management Agreement for information relating to our fees and compensation.

Fees are verified by the Client's third party Administrator who is responsible for payment of the fees to Resolution. Management fees are paid monthly for the Funds, depending on the Client either prepaid or in arrears and quarterly in the case of managed accounts. Performance fees, if earned, are paid at year end or upon redemption.

Clients are responsible for payment of investment expenses including brokerage commissions, clearing and settlement charges, bank services fees, interest expenses and other related investment expenses. Clients are responsible for professional fees relating to investments, including legal, accounting, audit and tax and consulting, as well as custodial, bookkeeping and administrative expenses, including out of pocket expenses of any service company retained.

## **ITEM 6. Performance Based Fees**

Resolution receives on an annual basis, a performance fee of 20% of any profits subject to a high water mark provision as more fully described in the applicable Private Placement Memorandum ("PPM") and/or Investment Management Agreement ("IMA") of each Client. Resolution's affiliate, Resolution GP, LLC receives, on an annual basis, 20% of any net capital appreciation allocated to limited partners in a domestic Client, subject to a high water mark provision more fully described in that Client's PPM.

### Describe conflicts of interest and how it is mitigated:

A conflict of interest may arise from the fact that Resolution could allocate more favorable investments to the Client paying a performance fee rather than a Client who pays only a management fee on the value of assets.

When it is appropriate for more than one client to invest in a particular security, Resolution will execute orders for all the clients on an equitable basis accounting for investment guidelines of each Client's available amount of capital to invest, and the current holdings of the Client.

**ITEM 7. Types of Clients**

Resolution provides investment advisory services to private investment funds, trusts, and partnerships.



## **ITEM 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### Methods of Analysis and Investment Strategies

Resolution's primary investment objective is to seek long-term capital appreciation by investing in a diversified portfolio of distressed investments while utilizing tight risk control measures both at the portfolio and the position level. While long-term appreciation is a primary objective, risk management and capital preservation are also important factors. Resolution's investment strategy is based on investing in senior secured and senior unsecured positions and short selling unsecured high grade and subordinated bonds trading at high prices and low yields to maturity.

In executing its strategy, Resolution will invest in bank debt, other debt instruments, fixed income securities and equities. In addition, Resolution may also use credit default swaps, forward currency hedging and other techniques for both hedging and to enhance the risk/reward profile of investments.

Resolution will select investments through a combination of tracking key macroeconomic variables and extensive analyses, including thorough industry and company analysis together with legal review, analysis of financial models, review of ongoing cash and liquidity needs, cash flow analysis and collateral and liquidation analysis. In addition, in generating candidates for investment, Resolution will utilize, among other things, industry and management contacts and company visits.

### Risk of Loss

The investment strategies involve a degree of risk, including the risk of loss of principal. Resolution invests in and actively trades instruments using strategies and investment techniques with significant risk characteristics. These securities are subject to market fluctuations and may decline in value. No guarantee or representation can be made that the investment strategies will be successful. The following represents some, but not all, risks associated with investment strategies utilized by the Resolution.

**Distressed Securities:** Some risks associated with this investment strategy include substantial changes in rights or covenants resulting in less protection of the portfolio, lack of regulation of the over the counter market in which distressed securities trade and lack of market making or margins that help insure a viable trading market.

**Special Situation Company:** These companies may have weak financial condition, may have poor operating results, a need for substantial financial resources or facing bankruptcy.

**Event-Driven Situation Companies:** Investment is based on the expectation that a specific event will occur. Because it is not always possible to predict an outcome, there is substantial risk that a position in securities may be taken based on judgments that may ultimately prove to be incorrect resulting in loss to the portfolio.

**ITEM 9. Disciplinary Information**

Criminal or civil action in a domestic, foreign or military court of competent jurisdiction:

**None**

Administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign regulatory authority:

**None**

Any self-regulatory organization (SRO) proceeding:

**None**

There are no legal or disciplinary events that are material to Client's or perspective Client's evaluation of Resolution's advisory business or the integrity of its management.

**ITEM 10. Other Financial Industry Activities and Affiliations**

Resolution is under common control with Resolution GP, LLC which is the general partner of a client of Resolution which is a domestic fund. Resolution advises the fund in a master-feeder structure wherein the fund invests in a master portfolio advised by Resolution.

## **ITEM 11. Code of Ethics and Personal Trading**

Resolution has adopted a Code of Ethics (the “Code”) which sets forth standards of business conduct for Resolution and its Supervised Persons. The code is based on the principle that Resolution and its Supervised Persons have a fiduciary duty to act in the best interest of Resolution’s clients.

The Duties of Supervised Persons under the Code are summarized below:

- Supervised Persons are required to submit to the chief compliance officer (the “CCO”) an annual report listing their securities holdings and submit monthly duplicate copies of their brokerage account statements (unless a specific exemption applies) as well as duplicate copies of all trade confirmations. The reports of the CCO are submitted to another officer.
- The Code sets forth record keeping requirements and the responsibilities of the CCO with respect to review of personal holdings and trading reports, preclearance of transactions and monitoring compliance with the Code.
- Supervised Persons are subject to trading restrictions for trades in their own accounts of the same or related securities held in Client accounts or if such security is being considered for trading in Client accounts.
- Supervised Persons must comply with federal securities laws, certify they have read and understand Resolution’s Compliance Manual and report any violations of the Code to the CCO
- The Code sets forth limitations on Supervised Persons receiving gifts from third parties and prohibits Supervised Persons from soliciting gifts from third parties with which Resolution conducts or could conduct business.
- Supervised Persons are prohibited from trading either in their own accounts or Client accounts on the basis of material non-public information.
- Supervised Persons are required to certify annually that they are in compliance with Resolution’s Code of Ethics.

Supervised Persons are encouraged to report to management any actual or suspected illegal or unethical conduct on the part of other Supervised Persons of which they become aware or any situations with which they are concerned.

Clients or prospective Clients may request a copy of the Code by writing to Resolution Partners LLC, 750 Lexington Avenue, 23<sup>rd</sup> Floor, New York, New York 10022, attention Patrick De San.

## **Participation or Interest in Client Transactions**

Resolution and its Supervised Persons, which include all employees, Access Persons, other persons providing investment advice on behalf of Resolution and others designated by the Company's CCO may from time to time have an ownership interest in one or more of the Funds or a related person may not be subject to the fees otherwise charged investors, and may have positions or interests in securities which are purchased or sold to Clients. Resolution monitors trading in the personal accounts of Supervised Persons and will endeavor to resolve conflicts of interest with respect to investment opportunities in a manner which it deems equitable to the Clients and the investors in the Funds under the prevailing facts and circumstances. Such conflicts are also disclosed in the PPMs of the Funds. Resolution also advises the Funds in a master-feeder structure wherein the feeder Funds advised by Resolution invest in the master portfolio advised by Resolution.

## **ITEM 12. Brokerage Practices**

Selection Criteria Generally: In selecting dealers to effect portfolio transactions, Resolution will consider such factors as price, the ability of the dealers to effect the transaction, and the dealers' facilities, reliability and financial responsibility.

Resolution will have complete discretion in deciding what brokers and dealers will be used and in negotiating rates of brokerage commissions and compensation, when applicable. All things being equal, price will be a determining factor in the decision process.

In choosing brokers and dealers, Resolution will not be required to consider any particular criteria. For the most part, Resolution will seek a combination of transaction costs, and execution quality but Resolution is not required to select the broker or dealer that charges the lowest cost, even if that broker or dealer provides execution quality comparable to other brokers or dealers. In evaluating "execution quality", commissions and historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions will be a principal factor, but other factors will also be relevant, including: the execution, clearance, settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; reliability and financial stability; size of the transaction; availability of securities to borrow for short sales; and the market for the security.

Research and Soft Dollar Benefits: Resolution does not have any soft dollar or commission sharing agreements with brokers.

Brokerage for Client Referrals: Resolution does not give any brokerage in exchange for client referrals.

Directed Brokerage: Resolution does not provide clients the ability to direct commissions or transactions to brokers.

Aggregation of Orders and Allocation: Resolution is authorized to bunch or aggregate orders for one client with orders of other Clients and to allocate the aggregate amount of the investment among accounts in the manner in which Resolution shall determine appropriate. When portfolio decisions are made on an aggregated basis, Resolution may, in its sole discretion, place a large order to purchase or sell a particular security for a number of Clients (or affiliates). Because of the prevailing trading activity, it is frequently not possible to receive the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may be averaged

and the particular Client will be charged with the average price, and the effect of the aggregation may operate on some occasions to such Clients disadvantage. Resolution, however, is not required to bunch or aggregate orders.

Resolution maintains an allocation policy to allocate pro rata between Clients, unless Resolution in good faith believes that another method would be more fair and equitable. The Compliance Officer reviews allocations periodically to ensure that all Client accounts are treated fairly.



**ITEM 13. Review of Accounts**

Resolution's Managing Members Samuel Perlman and Niklas Lamotte are responsible for monitoring the performance of Client accounts. A formal periodic review of Client accounts is not performed since the managing members provide ongoing direct management of the accounts. The financial statements of the funds are audited annually by an independent public accountant. Investors in the funds receive audited financial reports within 120 days of the Fund's year end.

In addition, we typically prepare a monthly report which provides quantitative information to Clients and investors in the private investment funds advised by Resolution.

**ITEM 14. Client Referrals and Other Compensation**

Resolution does not currently but may in the future pay a fee to third party solicitors to solicit investors for the Funds. Any such solicitation arrangements entered into by Resolution will comply with the requirements of the Investment Advisors Act of 1940 and rules thereunder, where applicable.

## **ITEM 15. Custody**

The private investment Funds for which the applicant is deemed to have custody will be audited at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules. Resolution will make these audited financial statements available to all beneficial owners of such private investment Funds. Beneficial owners of such private investment Funds should carefully review these audited financial statements.

### Qualified Custodians and Third Party Administrator:

Each Client managed by Resolution has a separate custodian selected by the Client for custody and safekeeping of Investment Portfolio assets. The custodian is responsible for, among other things, opening and maintaining a custody account in the name of the Client and holding all assets of the Client deposited by the Client and accepted by the custodian. The custodian will clear the Client's securities transactions which may be executed through other brokers. The Client receives monthly statements from the custodian that holds and maintains the Client's investment assets.

The Clients have also entered into an administration service agreement with an independent third party Administrators that provide certain administrative services including regular reconciliations of the Investment Portfolio held by the custodian.

**ITEM 16. Investment Discretion**

Resolution has discretionary authority over Client accounts. Each Client signs an Investment Management Agreement which specifies that discretionary trading authority is granted to Resolution. Any limitations on the investment strategy or security positions can be found in the Client's Private Placement Memorandum.

## **ITEM 17. Voting Client Securities**

Resolution is ultimately responsible for ensuring that all proxy material received with respect to certain Client accounts are voted in a timely manner consistent with each Client's best interest and consistent with the Resolution's Policies and Procedures on a case by case basis.

Resolution's personnel who receive the proxy statement will consult with the Portfolio Manager responsible for the investment in the security to which the proxy statement relates. The Portfolio Manager is responsible for making sure the proxy is voted in a timely manner. The Portfolio Manager is not required to vote a proxy if the cost of voting a particular proxy would outweigh the benefit of voting for the Client. Portfolio Managers with a personal conflict of interest will abstain from the voting decision. Any question with regard to voting in such situations will be referred to the Compliance Officer.

Resolution may determine to disclose a conflict to affected Clients and give the Client the opportunity to vote the proxy.

Records of proxy material and votes are maintained in Resolution's office. A complete copy of Resolution's detailed proxy voting policies, procedures and prior voting history is available upon request.

**ITEM 18 Financial Information**

Resolution has no financial conditions that are likely to impair its ability to meet its contractual obligations and commitments to its Clients.

**ITEM 19 Requirements for State-Registered Advisers**

Not applicable