



## **Deer Park Road Corporation**

1865 Ski Time Square, #102  
Steamboat Springs, CO 80477  
970-457-4340  
FAX 970-797-4002  
[www.deerparkrd.com](http://www.deerparkrd.com)

### **BROCHURE 2A October 23, 2012**

This brochure provides information about the qualifications and business practices of Deer Park Road Corporation. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. The brochure provides information on the licensed personnel of the firm, its investment approach and its fee schedule. In this brochure we will refer to ourselves as “Deer Park Road Corporation”, “DPRC”, “we” or “us”.

Additional information about Deer Park Road Corporation also is available on the SEC’s website at [www.adviserinfo.gov](http://www.adviserinfo.gov).

## **2. Material Changes**

The material change to this Form ADV Part 2A, is notification that Deer Park Road Corporation has taken on new advisory clients in addition to the already existing STS Partner Fund, LLC client previously disclosed. Advisory Business, Section 4 and Custody, Section 15 are updated. The performance fees for the advisory services provided to other advisory clients of DPRC, are detailed in Section 6, Performance Fees.

Section 4 has also been updated as to the number of clients and the assets under management.

# **Table of Contents**

<b>Item Number</b>	<b>Item Description</b>	<b>Page</b>
1.	Cover Page	1.
2.	Material Changes	2.
3.	Table of Contents	3.
4.	Advisory Business	4.
5.	Fees and Compensation	5.
6.	Performance Based Fees and Side by Side Management	5.
7.	Types of Clients	6.
8.	Methods of Analysis, Investment Strategies and Risk of Loss	6.
9.	Disciplinary Information	6.
10.	Other Financial Industry Activities and Affiliations	7.
11.	Code of Ethics, Participation/Interest in Client Transactions and Personal Trading	7.
12.	Brokerage Practices	8.
13.	Review of Accounts	9.
14.	Client Referrals and Other Compensation	9.
15.	Custody	9.
16.	Investment Discretion	9.
17.	Voting Client Securities	9.
18.	Financial Information	10.
19.	Requirements for State Registered Advisers	10.
	Form ADV Part 2B	11.
	Deer Park Road Corporation Privacy Letter	13.

#### **4. Advisory Business**

Deer Park Road Corporation serves as adviser to STS Partners Fund, LP ("STS") or ("the Fund"). The adviser receives only a performance allocation from the Fund, if applicable and no fee as the adviser to the Fund. The pooled investment, STS Partners Fund, is not offered or sold to Advisory clients of DPRC. STS Partners Fund is offered to only qualified investors through a Regulation D offering, filed with the United States Securities and Exchange Commission. The Funds disclosure documents present in full the qualifications, restrictions and/or requirements to invest in the Fund. These documents are delivered to investors and potential investors by the STS Partners Fund, not Deer Park Road Corporation.

Deer Park Road Corporation provides investment advice to a pooled investment vehicle, STS Partners Fund, LP. STS, is a "private investment company" ( a company that would be defined as an "investment company" under the Investment Company Act of 1940 but for the exemption provided from that definition by Section 3(c)(1) of such Act).

DPRC acts as adviser to other clients and may give advice, and take action with respect to any of those clients that may differ from the advice given, or the time or nature of action taken, with respect to other investment accounts. Each client has a fully executed advisory agreement with DPRC. DPRC agrees to supervise and direct, with full authority and at its discretion, on the client's behalf and at the client's risk, the investment of the assets contained in the Investment Account in such manner as DPRC may deem advisable, subject in all events to the investment objectives and guidelines attached to the executed client advisory agreement, and the provisions of the client agreement. The client agreements consent to the possibility of bunched trades and the allocation of such trades according to the policy and procedures of DPRC. The trades for the clients may be executed with or through any brokers, dealers or banks DPRC may select. DPRC has a "best execution" policy in effect.

Clients must provide DPRC, in writing, instructions regarding limitations or conditions related to investment activity in their account.

Majority ownership of DPRC is by Michael Craig Scheckman. Mr. Scheckman is the only Licensed Investment Adviser Representative of the firm and acts as its President and Chief Compliance Officer. His educational and business experience is presented here for your consideration. Mr. Scheckman is not associated with any Broker-Dealer or Insurance entities. DPRC is a privately held company and owns no other subsidiaries. Mr. Scheckman is paid an annual salary from DPRC.

DPRC does not participate in or sponsor any wrap fee programs.

DPRC has been in business since 2003. It is registered with the Securities and Exchange Commission as of May 17, 2012. As of September 1, 2012 DPRC had the following assets under management:

	<b><u>U.S. Dollar Amount</u></b>	<b><u>Total Number of Accounts</u></b>
<b>Discretionary</b>	\$509,000,000	3
<b>Non-Discretionary</b>	0	0
<b>Total</b>	\$509,000,000	3

## **5. Fees and Compensation**

DPRC receives a performance allocation, if earned, from STS Partners Fund. The allocation is equal to 60% of the initial 4% of the net profit and 20% of any profit over and above the initial 4%, which is allocated annually. This performance allocation is outlined in the Offering Memorandum for STS Partners Fund and is agreed upon by the client of the Fund in the subscription documents of the Fund.

Interests in the Fund are sold to qualified investors by the Fund itself. Three solicitors are retained by DPRC, Corinthian Partners, Cogent Alternative Strategies and Enclave Capital LLC. Each of these entities are FINRA licensed Broker-Dealers. Commissions paid to Corinthian Partners for 2011 was \$2,445.16 and to Cogent, \$275,751.99 in commissions was paid by DPRC. Compensation for any referrals is outlined in the Solicitor agreements. Any prospective investor would be required to provide a completed subscription agreement to the STS Partners Fund, LP, administrator. No prospective investor shall have the right to purchase any interest until the subscription agreement shall have been accepted by the STS Partners Fund, LP.

Any advisory performance allocations to Deer Park Road Corporation will be authorized by Brad Craig. Stone Coast Fund Services, acts as the gatekeeper for the STS Fund.

Clients shall pay DPRC a management fee and, to the extent earned a performance fee in accordance with the provisions stated and agreed to in the client advisory agreement. The source of the management fees come from any DPRC performance allocation, if earned.

## **6. Performance-Based Fees and Side by Side Management**

DPRC does no side by side management.

The only allocation received by DPRC is the performance based allocation, from STS Partners Fund as outlined in Item 5. This payment is only allocated to the Advisor if earned.

A performance allocation of \$2,628,909.30 was paid to DPRC for performance of the Fund in 2011. Any performance allocation arrangement described above could create a conflict of interest and/or an incentive for DCPR to make investments that are riskier or more speculative than would be the case in the absence of the arrangement and, in some circumstances, DPRC may receive increased fees on allocations as a result of unrealized appreciation as well as realized gains in managed accounts. Any conflicts of interest are addressed in the STS Offering Memorandum.

Clients other than the STS Partners Fund, LP will pay to DPRC, quarterly in arrears, a fee equal to 1/4<sup>th</sup> of 1% (1% per annum) of the Average Net Asset Value of the Investment Account. This fee will be prorated for any quarter that DPRC does not provide services for the entire quarter, or during which contributions to or withdrawals from the Investment Account occur, to reflect the portion of such quarter during which the relevant assets were under management.

The advisory client fees are detailed in the advisory agreement, Exhibit D, attached to and agreed to by each advisory client. All fee "Definitions" are stated on Exhibit D.

As stated in the client advisory agreement, attached as Exhibit D, the Incentive Fee is defined as the amount equal to fifteen percent (15%) of the amount if any by which the Net Profit of the Investment

Account for such Incentive Period exceeds the amount of the Carryforward Loss (as defined in Exhibit D) existing on the business day immediately preceding the first business day of such Incentive Period. The first Incentive Period shall begin on the date on which the Investment Account is first funded by the client and end on December 31, 2012.

If the Investment Account experiences a Net Loss (defined in Exhibit D) for an Incentive Period, such loss will be deducted from the Net Profit according the detailed instructions signed and agreed to by the client in the Advisory Agreement, Exhibit D.

Following the end of the calendar quarter during which the Advisory Agreement is in effect, DPRC will deliver to the client an itemized invoice for the Management Fee for services rendered for the quarter, or any portion thereof. Management Fees are due and payable within thirty (30) day after receipt of the invoice by the client. Following the end of the calendar year DPRC will also provide to the client an itemized invoice for the calendar year. Any incentive fee due with the receipt of this invoice by the client will be due and payable within thirty (30) days.

The client may terminate the Advisory Agreement at any time upon thirty (30) days' prior written notice or by DPRC upon ninety (90) days' prior written notice. The client may also terminate immediately upon receipt of notice of the type referred to in Section 7c of the Advisory Agreement.

## **7. Types of Clients**

DPRC has a number of advisory clients. One of these clients is STS Partners Fund, LP, a pooled investment vehicle. Partnership interests in STS Partners Fund are solicited and sold to qualified investors by the Fund, and licensed individuals associated with Corinthian Partners or Cogent Alternative Strategies. The other advisory clients of DPRC are individual accounts, not related in any way to the STS Partners Fund, LP. These advisory clients are separate and distinct from the STS Partners Fund, LP.

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

The risks associated with an investment in STS Partners Fund, is disclosed to the investor by STS. The detail of the risk involved in the investment to STS Partners Fund is fully disclosed in the Offering Memorandum provided to potential clients by the Fund itself. Minimum investments to STS Partners Fund are disclosed in the Offering Memorandum of the Fund.

Mr. Scott Burg is the primary analyst for DPRC. Bloomberg and Intax are some of the outside vendor analytical data services used by DPRC. Research analysis is used for the benefit of all DPRC advisory clients.

Investing in securities involves risk of loss that the clients should be prepared to bear.

## **9. Disciplinary History**

Deer Park Road Corporation and its principal employees (licensed or non-licensed) have no legal or disciplinary events that are material to a client's or prospective client's evaluation of the firm, the advisory business or the integrity of client asset management.

These events would include :

- a.) A criminal or civil action in a domestic, foreign or military court of competent jurisdiction.
- b.) An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- c.) A self-regulatory organization (SRO) proceeding.

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

Deer Park Road Corporation owns two corporate entities, Warner Road Aviation Inc., an aviation company which owns and rents an airplane, and Old House Lane Corporation, a property ownership / management company which owns and leases two office complexes. Services of Warner Road and Old Home Lane are not marketed to advisory clients.

DPRC nor any associated person of DPRC have any association or pending application to register as a broker-dealer, a registered representative of a broker-dealer or any association or pending application to register as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of these aforementioned entities.

Mr. Scheckman is one of the originators and executive officers of STS Partners Fund, L.P. ("Fund"). The Fund is incorporated in Delaware. It is filed with the Securities and Exchange Commission under the Rules of Form D, a 506 filing. The Fund is a pooled investment fund most specifically a hedge fund. It is not a registered investment company under the Investment Company Act of 1940. It claims the exclusion under the Investment Company Act Section 3(c) (7). The Fund is sold to qualified purchasers by the Fund itself and by relationships with two broker-dealers, Cogent Alternative Strategies, Inc. and Corinthian Partners, LLC.

All disclosure information to clients and potential clients of the STS Partners Fund, LP is provided by the Fund, Corinthian Partners or Cogent Alternative Strategies.

STS Partners Fund is the advisory client of DPRC. Any allocations paid to DPRC are detailed in Items 5 and 6 of this brochure. DPRC does not receive a fee as adviser to the fund.

#### **11. Code of Ethics, Participation or Interest in Client Transaction and Personal Trading**

DPRC has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The Advisor's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth the Advisor's practice of supervising the personal securities transactions of supervised persons with access to client information. Individuals associated with the Advisor may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of the Advisor that no person employed by the Advisor shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, the Advisor requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. The Advisor requires such access

persons to also receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

The Advisor requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. The Advisor's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

DPRC's Code of Ethics may be obtained by client or perspective clients from DPRC's principal place of business. A copy of the Code of Ethics adopted by DPRC is attached to this brochure for your consideration.

DPRC does not participate in any principal or agency cross securities transactions. Mr. Scheckman is the owner and licensed investment advisor representative of DPRC. He is also one of the originators of STS Partners Fund, LLC. Advisory clients are not solicited to purchase interests in the Fund. DPRC does act as advisor to the Fund, however it receives no fee or other compensation for this responsibility and only receives compensation on the performance of the fund, if any. This compensation is outlined in the Items 5 and 6 of the brochure. Employees of DPRC are paid by DPRC.

The Fund and the advisory firm of DPRC are separate entities, and there are no investors in the Fund that are advisory clients of DPRC.

Any conflicts of interest between DPRC, the STS Fund and all advisory clients are addressed in the Management Agreement.

Personal trading is reviewed on a quarterly basis by Mr. Brad Craig and an initial holding page for all employees is required within thirty (30) days of the date of hire.

## **12. Brokerage Practices**

DPRC does not participate in any broker-dealer arrangements. All advisory clients of DPRC are discretionary clients of DPRC. DPRC does not recommend brokers to its clients. DPRC may place orders for the execution of transactions for the investment accounts of advisory clients with or through any brokers, dealers or banks that it may select. DPRC does no directed brokerage business on behalf of any advisory clients.

STS Partners Fund makes independent decisions on the firms executing the trades made on behalf of the investors in the partnership. The Fund and DPRC may receive unsolicited information, data, research and analysis from various sources in the financial and hedge fund industry. Any information will be used for the benefit of all investors in the Fund. Mr. Scheckman is the final and ultimate decision maker in the transactions and trading policies of the Fund. Any commissions or trading fees incurred are incurred by the Fund, not DPRC.

DPRC has no soft dollar arrangements.



### **13. Reviews of Accounts**

The client account, the Fund, is continually reviewed. All investments over 25 basis points (of total AUM) in market value are reviewed monthly. The reviewers are Michael Craig-Scheckman and/or Scott Burg. All investors in STS Partners Fund receive monthly performance updates as outlined in the Fund agreements signed at the time of the initial investment.

DPRC sends a monthly performance report to all advisory clients of the firm.

Monthly performance reports for STS Partners Fund are prepared and distributed to the Fund clients.

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

DPRC does not pay any individuals or entities for client referrals. A fee is paid by the Fund to the associated licensed individuals of Cogent, Corinthian and Enclave who make sales on behalf of STS Partners Fund. The sales made by the licensed individuals of Cogent, Corinthian and Enclave, LLC are as licensed persons of the respective broker-dealers. The payments from DPRC to Cogent, Corinthian and Enclave are addressed in detail in the agreements on file between DPRC and each broker-dealer.

### **15. Custody**

DPRC has no custody of client funds or securities.

The funds of STS Partners Fund are held at Wells Fargo, a qualified custodian. DPRC receives statements from Wells Fargo and those may be compared to the monthly statement sent from DPRC to the STS Fund. The client (STS) should understand that the statement from Stone Coast, the fund administrator, is the “official record” of transactions

The cash and assets of some client accounts shall be held by The Bank of New York Mellon, a qualified custodian, which DPRC represents has no affiliation with DPRC and which the clients represent has agreed to act as custodian for the Investment Account of the two unrelated accounts.

### **16. Investment Discretion**

DPRC receives discretionary authority from the advisory client at the onset of the advisory relationship. The advisory agreement grants discretion to DPRC over the client Investment Account.

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

On occasion, a conflict of interest may exist between Deer Park Road Corporation and Funds, Portfolios and clients regarding the outcome of certain proxy votes. In such cases, Deer Park Road Corporation is committed to resolving the conflict in the best interest of our Funds, Portfolios and clients before we vote the proxy in question.

If the proxy proposal is a Routine Proxy Proposal, Deer Park Road will typically adhere to the standard procedure of referring to the principles and guidelines described herein in deciding how to vote. Alternatively, Deer Park Road may disclose the conflict to our clients and obtain their consent before voting or seek the recommendation of an independent third party in deciding how to vote.

**18. Financial Information**

DPRC does not require the prepayment of more than \$500 in fees per client, six month or more in advance.

DPRC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

**19. Requirements for State Registered Advisers**

The educational, business and disciplinary background for Mr. Craig Scheckman is detailed in Part 2B of this brochure.

# Deer Park Road Corporation

1865 Ski Time Square, #102  
Steamboat Springs, CO 80477

970-457-4340

FAX 970-797-4002

[www.deerparkrld.com](http://www.deerparkrld.com)

October 23, 2012

## **FORM ADV2 B BROCHURE**

### **COVER PAGE**

This brochure supplement provided information about Michael Craig Scheckman that supplements the Deer Park Road Corporation brochure. You should have received a copy of that brochure. Please contact Mr. Scheckman if you did not receive the Deer Park Road Corporation brochure or if you have any questions about the contents of this supplement.

Additional information about Michael Craig Scheckman is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Mr. Scheckman's CRD # 1163753

**Michael Craig Scheckman**

**Born: 1952**

#### **Item 2:**

##### **Education:**

Queens College, BA degree in Physics	1975
Columbia, MA in Physics	1977

##### **Business Experience:**

Deer Park Road Corporation	2003- Present
Millennium Partners	1993-2006

#### **Item 3:**

Mr.Scheckman has no current, past or pending disciplinary items.

#### **Item 4:**

Mr. Craig Scheckman is the majority owner, over 75% of Deer Park Road Corporation. Mr. Bradley Craig, the COO, is an unlicensed associated individual and is a less than 5% owner of Deer Park Road Corporation. Mr.Craig Scheckman is the President of DPRC and one of the executive officers of STS Partners Fund, LLC. He receives compensation from DPRC in the form of a performance allocation from STS Partners Fund, LLC, if the Fund's performance is earned. Mr. Craig Scheckman receives an annual salary from DPRC.

**Item 5:**

Mr. Craig Sheckman may receive additional compensation from his ownership in Warner Road Aviation Inc. and Old House Lane Corporation.

**Item 6:**

Mr. Craig Sheckman is self-supervising as he is the only licensed investment adviser representative associated with DPRC.

Advisory individuals associated with DPRC must possess, minimally:

1. A college degree
2. Appropriate business experience
3. Be licensed as an Investment Advisor Representative in the appropriate jurisdictions

**Item 7:**

Mr. Craig Sheckman has not been involved in any of the following:

An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500 involving any of the following or an award or otherwise being found liable in a civil, self-regulatory organization or administrative proceeding involving any of the following:

:

- an investment or an investment-related business or activity
- fraud, false statement(s), or omissions
- theft, embezzlement, or other wrongful taking of property
- bribery, forgery, counterfeiting, or extortion
- dishonest, unfair, or unethical practices

Mr. Craig Sheckman has no disciplinary actions to report as stated in Item 9. A disciplinary action would include any of the following:

- a.) A criminal or civil action in a domestic, foreign or military court of competent jurisdiction.
- b.) An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- c.) A self-regulatory organization (SRO) proceeding.

## **Privacy Letter**

To STS PARTNERS FUND, LP –

Deer Park Road Corporation's primary client goal is to protect your privacy.

To conduct regular business, we may collect nonpublic personal information from sources such as:

- Information reported by you on applications or other forms you provide to us
- Information about your transactions with us, our affiliates, or others

As the Firm shares nonpublic information solely to service our client accounts, we do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.

- Information the firm receives from clients on applications (name, social security number, address, assets, etc.)

At times, we may disclose nonpublic personal information to affiliated third parties. We may share any of the information that we collect as described above. We may disclose nonpublic personal information about you to the following types of affiliated third parties:

- Financial service providers such as mortgage brokers, insurance companies, or broker dealers

### **Information Safeguarding**

Deer Park Road Corporation will internally safeguard your nonpublic personal information by restricting access to only those employees who provide products or services to you or those who need access to your information to service your account. In addition, we will maintain physical, electronic and procedural safeguards that meet federal and/or state regulations.