

# **J.P. JEANNERET ASSOCIATES**

## **Registered Investment Advisers**

4713 Crossroads Park Drive  
Suite 601  
Liverpool, NY 13088  
Tel: (315) 478-2770  
Fax: (315) 478-3043  
e-mail: [general@jpjassoc.com](mailto:general@jpjassoc.com)

This brochure provides information about the qualifications and business practices of J.P. Jeanneret Associates, Inc. If you have any questions about the contents of this brochure, please contact us at (315) 478-2770 or at [general@jpjassoc.com](mailto:general@jpjassoc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. J.P. Jeanneret Associates is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about J.P. Jeanneret Associates, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

November 3, 2014

## ITEM 2 MATERIAL CHANGES

On July 28, 2010, the United States Securities and Exchange Commission amended Part 2 of Form ADV. Part 2 of Form ADV sets forth the minimum requirements for the disclosure statement that investment advisors must deliver to their advisory clients and prospective advisory clients.

Investment advisors must update the information in their brochure at least annually. In lieu of providing clients with an updated brochure each year, we will provide J.P. Jeanneret Associates Inc. existing advisory clients with this Item 2 summary describing any material changes occurring since the last annual update of the brochure. We will deliver a brochure or summary each year to existing clients within 120 days of the close of J.P. Jeanneret Associates Inc.'s fiscal year. Clients wishing to receive a complete copy of the then-current brochure may request the complete brochure at no charge by contacting us at (315) 478-2770 or by emailing [general@jpjassoc.com](mailto:general@jpjassoc.com).

### Amendments to Form ADV Part 2A, Disclosure Brochure

This section describes the material changes to J.P. Jeanneret Associates, Inc.'s Brochure since its last annual amendment.

J.P. Jeanneret Associates, Inc. is no longer eligible for SEC Registration.

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#### ITEM 4 ADVISORY BUSINESS

J.P. Jeanneret Associates, Inc. (JPJA) provides advisory services predominantly to Taft Hartley Employee Benefit Funds, and some individual retirement accounts, all of the clients of JPJA are invested in the Income-Plus Fund. The fund of funds offered by JPJA is the Income-Plus Investment Fund, which invests in alternative investment managers, lower risk fixed income securities and mutual funds. The Income-Plus Investment Fund is the only product offered by JPJA. JPJA currently has approximately \$5.7 million in assets under management in the Income-Plus Fund, effective December 31, 2013. JPJA has been in business since 1988, and John P. Jeanneret, Ph.D. is the 100% owner.

The Discretionary Investment Management Agreement with the client, is tailored directly to the needs of the individual client, the clients may impose restrictions on investments, and amend the Agreement at any time.

We do not participate in any type of wrap fee program.

#### ITEM 5 FEES AND COMPENSATION

In the case of the Income-Plus Fund, a fund of funds managed by JPJA, management fees of .75% are deducted directly from Fund assets on a monthly basis, and clients are not billed directly. No expenses are charged by JPJA for custodial fees or mutual fund expenses. If applicable, clients will incur brokerage and transactions costs, as a normal procedure in conducting client transactions, please see section 12 of this brochure on brokerage practices. No one at J.P. Jeanneret Associates or any supervised person accepts compensation for the sale of securities or other investment products. We do not have any brokerage subsidiary, nor do we earn any fees or commissions from brokerage transactions of any kind. We currently charge no performance-based fees, and our clients consist predominantly of Taft-Hartley type Employee Benefit Plans of various kinds, covered by ERISA. All of the clients of JPJA are invested in the Income-Plus Fund.

No client fees are payable in advance of services being performed.

#### ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge any performance-based fees.

#### ITEM 7 TYPES OF CLIENTS

Our clients are predominantly Taft Hartley Employee Benefit Funds, and some individual retirement accounts.

#### ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Regarding our methods of analysis, investment strategies, and risk of loss, the firm uses various methods, including access to publicly available data services, the Value Line Investment Service, the Zacks Investment Services, Morningstar Investment Services, data provided by PerTrac, and data involving performance and other characteristics of alternative investment managers of all types. Each investment is individually analyzed by observing past performance and in depth review of the fundamentals of the investment. Clients are aware of the risks of loss in all investments that are undertaken. Currently, involving the Income-Plus Investment Fund,

the firm invests predominantly in shorter term fixed income investments, including Federal Agency securities, short-term Corporate Bonds, Floating Rate Securities of various types, Certificates of Deposit, Stable Value Funds, Mutual Funds, and related fixed income-oriented positions. Investing in securities involves risk of loss that clients should be prepared to bear.

#### ITEM 9 DISCIPLINARY INFORMATION

Litigation cases involving JPJA are set forth below:

1. *J.P. Jeanneret, Inc., et al. v. Hartford Fire Ins. Co., et al.*, Nos. 5:10-cv-01450, 5:10-cv-01452, and 5:10-cv-01453 (GTS-GHL), United States District Court, Northern District of New York. These actions seek recovery under a fidelity bond issued to JPJA. JPJA is named as a plaintiff in these actions because the policy was issued to JPJA, but any recovery would go to the funds. Many of JPJA's Taft Hartley Employee Benefit Fund clients made investments, either directly or indirectly, in Bernald L. Madoff Investment Securities, LLC ("BLMIS"). At all relevant times, JPJA maintained a fidelity bond issued by the Hartford Fire Insurance Co. ("Hartford") that provided coverage in the event of "employee theft" and that expanded the definition of "employee" to include certain agents of JPJA. Because JPJA executed trading authorizations with BLMIS pursuant to which BLMIS was appointed as JPJA's agent for the purpose of buying, selling and trading in stocks, bonds and other securities, JPJA timely submitted claims to Hartford seeking indemnification for the losses sustained by JPJA's clients as a result of BLMIS' fraud. Hartford denied the claims and JPJA, as the first named insured under the relevant policy, brought suit along with its clients seeking recovery under the policy. Three separate lawsuits were brought because JPJA's clients suffered losses from BLMIS' fraud either because the clients had invested directly with BLMIS or had invested in certain pooled investment funds that had, in turn, invested in BLMIS. The litigation was settled in March 2014 and stipulations discontinuing the matters with prejudice were entered by the Court on April 23, 2014.
2. *In Re Beacon Associates Litigation*, Master File No. 09 Civ. 777 (LBS/AJP), United States District Court, Southern District of New York, and the following cases consolidated into this matter for discovery and pre-trial purposes: *Local 73 Annuity Fund v. J.P. Jeanneret Associates, Inc., et al.*, No. 09 Civ. 3907; *Plumbers & Steamfitters Local 267 Pension Fund, et al. v. J.P. Jeanneret Associates, Inc. et al.*, No. 09 Civ. 7584; *Board of Trustees of the Buffalo Laborers Security Fund, et al. v. J.P. Jeanneret Associates, Inc., et al.*, No. 09 Civ. 8362; *Ernest T. Hartman, et al. v. Ivy Asset Management L.L.C., et al.*, No. 09 Civ. 8278; and *Hilda L. Solis, Secretary of the United States Department of Labor v. Beacon Associates Management Corp., et al.*, No. 10 Civ. 8000.
3. *In Re J.P. Jeanneret Associates, Inc., et al.*, Master File No. 09 Civ. 3907 (CM/AJP), United States District Court, Southern District of New York, and cases consolidated into this matter.

Items 2 and 3 above were resolved in May 2013 and the cases were closed in July 2013.

Regarding Item Nos. 2 and 3: Various clients of JPJA with direct or indirect investments in BLMIS asserted claims against Ivy Asset Management ("Ivy") (an advisor to JPJA owned by the Bank of New York at the time of the filing) after

Bernard Madoff (“Madoff”) disclosed the fraud at BLMIS. JPJA was named as a defendant in those actions, which were ultimately consolidated into two matters in the Southern District of New York captioned *In Re J.P. Jeanneret Associates, Inc., et al*, No. 09 Civ. 3907-CM. In addition, on October 21, 2010, Hilda Solis, then Secretary of the United States Department of Labor, filed a lawsuit against Ivy and others, including JPJA, captioned *Solis v. Beacon Associates Management Corp. et al.*, 10 Civ. 8000 (LBS). The Solis matter sought relief on behalf of various ERISA plans that had direct and indirect investments in BLMIS. The Solis matter was consolidated with a related matter captioned *In Re Beacon Associates*, 09 Civ. 777 (CM) for discovery and pretrial purposes. In addition, on or about May 11, 2010, the NYAG filed a Complaint (the “NYAG Complaint”) in New York County Supreme Court against Ivy Asset Management LLC, Lawrence Simon, and Howard Wohl (the “Ivy Defendants”). The NYAG Complaint asserted claims against the Ivy Defendants for breaches of fiduciary duty and violations of New York’s Martin Act and Executive Law with respect to advice they provided to JPJA, and others, about investments with Madoff, and sought compensatory damages of an unspecified amount, as well as other relief, including punitive damages, restitution and disgorgement. The matter was captioned *The People of the State of New York by Andrew M. Cuomo, Attorney General of the State of New York v. Ivy Asset Management LLC, et al.*, Index No. 450489/2010. The NYAG Complaint did not assert claims against JPJA. The *In Re Beacon Associates* and NYAG matters were settled, and the terms of that settlement are set forth in the May 15, 2013 Amended Decision and Order Approving Settlement and Granting Plaintiffs’ Counsels’ Joint Motion for Award of Attorneys’ Fees, 09 Civ. 777 (CM), [Dkt. No. 480]. On July 17, 2013, the Court issued an Order Approving the Distribution of the Class Settlement Fund [Dkt. No. 410].

4. *Irving H. Picard, Trustee for the Liquidation of Bernard L. Madoff Investment Securities, LLC v. Beacon Associates LLC I, et al.*, Adv. Pro. No. 10-05356 (BRL), United States Bankruptcy Court, Southern District of New York. This matter was resolved in December 2012 and the case was closed in January 2013. This matter sought recovery from the Ivy Defendants (referenced above) and various others with respect to amounts certain investors received over the years from BLMIS. Although JPJA was named as a defendant, the matter focused primarily on the Ivy Defendants and on the Trustee’s objection to a proof of claim submitted by Beacon Associates LLC I and Beacon Associates LLC II. The claims against JPJA were dismissed with prejudice and without a payment by JPJA.

*J.P. Jeanneret Inc. v. Mantello, et al.*, No. 5:09-cv-01280 (DAH/DEP), United States District Court, Northern District of New York. JPJA brought this action seeking a declaratory judgment with respect to the methodology for the distribution of the remaining assets of the Income-Plus Investment Fund. This matter was resolved in August 2013. The Income-Plus Investment Fund had direct and, through the Beacon Fund referenced above, indirect investments in BLMIS. JPJA is the investment manager of the Income-Plus Investment Fund. After Madoff disclosed the fraud at BLMIS, a potential issue arose as to the appropriate methodology for the distribution of the Income-Plus Investment Fund’s remaining assets, as well as of any monies received by the BLMIS Trustee as a result of the allowed proof of claim filed in the BLMIS bankruptcy proceeding by the Income-Plus Investment Fund. JPJA therefore sought judicial

guidance with respect to the proper methodology for the distribution of these assets. Because there was a limited number of investors in Income-Plus, JPJA named the investors as defendants for the purpose of seeking complete relief and then cooperated with the investors as they sought to resolve the distribution issues amongst themselves. On August 27, 2013, the Court approved a settlement agreement regarding the distribution [Dkt. No. 68].

#### ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

J.P. Jeanneret Associates is not registered as a broker-dealer, and has no plan to be a broker-dealer at any time in the future. We have no known conflicts with any individuals, related persons, or any other entities material to the advisory business. We receive no compensation from any broker-dealers, investment managers, or other entities, other than clients of the firm.

#### ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

J.P. Jeanneret Associates has adopted a Code of Ethics pursuant to SEC Rule 204A-1. We will provide a copy of the Code of Ethics to any client or prospective client upon request. This Code of Ethics provides that we shall engage in no activity that is contrary to the client's best interest, and we must act solely for the benefit of participants and beneficiaries in any entities for which we serve as Investment Manager. We never recommend securities in which Jeanneret Associates or a related person has any material financial interest, and we monitor activities of individuals in the firm to assure compliance. Members of the firm do not buy or sell securities at the same time as clients, and there is no material conflict of interest with respect to this type of situation.

#### ITEM 12 BROKERAGE PRACTICES

Jeanneret Associates is free to select brokers to undertake transactions for clients. In selecting broker-dealers, we survey various sources for the best available price on securities, and we negotiate the lowest possible commissions, considering the services that are provided by the brokerage entity. We receive no research, services or products from any broker-dealer. We have no soft dollar arrangements, and we do not receive any payments from brokerage firms for any services that they provide. We also do not receive any direct research from brokerage firms that we utilize, and there are no soft dollar or other payments for such research. We do not direct brokerage to any particular broker-dealer based upon client referrals. We routinely do not recommend, request, or require that any client direct brokerage to any particular broker-dealer. Rather, the selection of broker-dealers to be utilized by JPJA is solely the obligation of our firm. No client has ever requested the ability to direct brokerage to a particular broker-dealer. Not all advisors require clients to use a particular broker-dealer. There has never been any incentive to Jeanneret Associates to select or recommend a broker-dealer. J.P. Jeanneret will aggregate the purchase or sale of securities in client accounts, in order to get lower execution costs.

#### ITEM 13 REVIEW OF ACCOUNTS

Jeanneret Associates reviews client accounts on a weekly basis. We typically sent out quarterly statements to clients for investment performance reporting, and John P. Jeanneret, Ph.D., President reviews client reports before they are sent.

#### ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

Regarding client referrals and other compensation, there are no instances in which someone who is not a client provides any economic benefit to JPJA for providing investment advice or other advisory services to our clients. There are also no instances where JPJA or a related person, directly or indirectly, compensates any person who is not a supervised person for client referrals.

#### ITEM 15 CUSTODY

Regarding custody of client funds or securities, JPJA never has custody of client assets in any case. Rather, we utilize Oneida Savings Bank Trust Department as Trustee for the Income-Plus Investment Fund, as well as some broker-dealers as Qualified Custodians. Clients will receive statements from the custodian and should review those statements carefully. We urge clients to compare statements received from the custodian with reports received from JPJA.

#### ITEM 16 INVESTMENT DISCRETION

We accept discretionary authority to manage securities on behalf of clients, and we accept any limitations that clients may place upon such authority, in the Investment Guidelines that are provided to us, and mutually agreed upon between the client and JPJA. A Discretionary Investment Management Agreement including Investment Guidelines is executed between each client and JPJA prior to any transactions being placed on the clients behalf.

#### ITEM 17 VOTING CLIENT SECURITIES

Regarding voting of client securities, JPJA currently does not invest in equity securities for any clients, and we have no plans to do so in the foreseeable future. In the event that equity securities were purchased, we would vote proxies in the best interest of participants and beneficiaries in any Employee Benefit Plan for which we served as Investment Adviser. Clients may obtain a copy of our proxy voting policies and procedures upon request, which is contained in the Investment Adviser Compliance Policy Manual, as described previously in this filing.

#### ITEM 18 FINANCIAL INFORMATION

Regarding prepayment of any fees by investment clients six months or more in advance, as noted earlier, there are no cases in which clients are required to pre-pay any investment management or other fees. There is no financial condition that would prevent JPJA from meeting its contractual requirements to clients. JPJA has not been the subject of any bankruptcy petition at any time in the past.



## ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS

**DR. JOHN P. JEANNERET, President**  
**J.P. Jeanneret Associates, Inc.**  
**4713 Crossroads Park Drive, Suite 601**  
**Liverpool, NY 13088**

Dr. John P. Jeanneret is the owner and President of J.P. Jeanneret Associates, a Registered Investment Advisor, since 1988, providing various types of investment management services to multi-employer Pension Funds, Annuity Funds, Welfare Funds, Training Funds, Supplemental Unemployment Funds, and Unions. He is not actively engaged in any other employment. Neither John P. Jeanneret nor John P. Jeanneret Associates (collectively "Jeanneret") have had any arbitration action over the last five years, nor has Jeanneret been a defendant in any regulatory proceeding. Jeanneret has, however, been involved in litigation, now resolved, that arose out of investments made by certain of Jeanneret's clients with Bernard L. Madoff ("Madoff") or certain funds that had investments in Madoff. Those actions were: *In Re Beacon Associates Litigation*, Master File No. 09 Civ. 777 (LBS/AJP), United States District Court, Southern District of New York, and cases consolidated therein, and *In Re J.P. Jeanneret Associates, Inc., et al.*, Master File No. 09 Civ. 3907 (CM/AJP), United States District Court, Southern District of New York, and cases consolidated therein. The matters have been resolved pursuant to a court-approved settlement agreement, without any finding of liability and without any admission of liability. There has never been any kind of relationship or arrangement between John P. Jeanneret or any management person at J.P. Jeanneret Associates with any issuer of securities.

### **I. Educational Background:**

Master of Arts, Economics and Finance, S.U.N.Y. Binghamton, awarded June, 1970;

Doctor of Philosophy, Economics and Finance, State University of New York at Binghamton, awarded May, 1976.

### **II. Professional Experience:**

Taught various courses in theoretical and applied methods of macro and micro economic analysis, Harpur College, Binghamton, New York.

ERISA Consultant/Legal, Blitman and King, Attorneys at Law, Syracuse, New York  
1973 - 1988

Administrator, I.B.E.W. Local 1249 Pension and Insurance Funds, Syracuse, New York  
1974 - 1978

President, J.P. Jeanneret Associates, Inc., 1988 - present, an Investment Management and Consulting Firm specializing in Taft Hartley clients, having relationships with approximately ninety such clients of all types.

Consultant to numerous Pension, Annuity, Welfare and related fringe benefit Funds, providing services relating to all types of investment activity, including investment manager selection, asset allocation, equity hedging, including numerous specialized consulting services, as request by Fund Boards of Trustees.

**J.P. JEANNERET ASSOCIATES, INC.**  
**PRIVACY POLICY NOTICE**

***Our Promise to You***

As a client of JPJA, you share both personal and financial information with us. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information.

***Information Provided by Clients***

In the normal course of doing business, we typically obtain the following non-public personal information about our clients:

- Personal information regarding our clients' identity such as name, address and social security number;
- Information regarding securities transactions effected by us; and
- Client financial information such as net-worth, assets, income, bank account information and account balances.

***How We Manage and Protect Your Personal Information***

We do not sell information about current or former clients to third parties, nor is it our practice to disclose such information to third parties unless requested to do so by a client or client representative or, if necessary, in order to process a transaction, service an account or as permitted by law. Additionally, we may share information with outside companies that perform administrative services for us. However, our contractual arrangements with these service providers require them to treat your information as confidential.

In order to protect your personal information, we maintain physical, electronic and procedural safeguards to protect your personal information. Our Privacy Policy restricts the use of client information and requires that it be held in strict confidence.

***Client Notifications***

We are required by law to annually provide a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy.

Please do not hesitate to contact us with questions about this notice.

## **Part 2B of FORM ADV Brochure Supplement**

### **J.P. JEANNERET ASSOCIATES**

#### **Registered Investment Advisers**

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November 3, 2014

**This Brochure Supplement provides information on John P. Jeanneret, Ph.D., President and supplements the Brochure. You should have also received a copy of the Brochure. If you have not received our firm's Brochure, have any questions about any content of this supplement; please contact us at (315) 478-2770.**

## Item 2 Educational Background and Business Experience

Name: John P. Jeanneret, Ph.D.

Year of Birth: 1944

Formal Education after high school:

Master of Arts, Economics and Finance, S.U.N.Y. Binghamton, awarded June, 1970;

Doctor of Philosophy, Economics and Finance, State University of New York at Binghamton, awarded May, 1976

Business background experience for preceding years:

ERISA Consultant/Legal, Blitman & King, Attys. at Law, 1973-1988

President, J.P. Jeanneret Associates, Inc. 1988-present

## Item 3 Disciplinary Information

Neither John P. Jeanneret nor John P. Jeanneret Associates (collectively “Jeanneret”) have had any arbitration action over the last five years, nor has Jeanneret been a defendant in any regulatory proceeding. Jeanneret has, however, been involved in litigation, now resolved, that arose out of investments made by certain of Jeanneret’s clients with Bernard L. Madoff (“Madoff”) or certain funds that had investments in Madoff. Those actions were: *In Re Beacon Associates Litigation*, Master File No. 09 Civ. 777 (LBS/AJP), United States District Court, Southern District of New York, and cases consolidated therein, and *In Re J.P. Jeanneret Associates, Inc., et al.*, Master File No. 09 Civ. 3907 (CM/AJP), United States District Court, Southern District of New York, and cases consolidated therein. The matters have been resolved pursuant to a court-approved settlement agreement, without any finding of liability and without any admission of liability.

## Item 4 Other Business Activities

None

## Item 5 Additional Compensation

None

## Item 6 Supervision

John P. Jeanneret, Ph.D. is the President of J.P. Jeanneret Associates, and makes all investment related decisions.

## Item 7 Requirements for State-Registered Adviser

There are no other items other than the litigation listed in Item 3.