

**Item 1 – Cover Page**



**Form ADV Part 2A Brochure  
September 17, 2014**

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This Brochure provides information about the qualifications and business practices of Newport Coast Asset Management, Inc. ("NCAM" or "Adviser"). If you have any questions about the contents of this Brochure, please contact us at 212-385-1263. Currently, our Brochure may be requested free of charge by contacting Ted Augustyniak, Chief Compliance Officer, at 312-988-0425 or [taugustyniak@ncsecurities.com](mailto:taugustyniak@ncsecurities.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.

NCAM is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Additional information about NCAM also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

As this is the initial Brochure for NCAM, we have no material changes to report in this section.

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#### **Item 4 – Advisory Business**

NCAM is owned by Rubicon Financial Incorporated, a publicly traded company, and provides investment advisory services to its clients on a discretionary and non-discretionary basis. The advisory services include, among other things, providing advice regarding asset allocation and the selection of investments. Account management or supervision is guided by the stated objectives of the client. In addition, the Adviser considers the client's risk profile and financial status prior to making any recommendations. The Adviser offers both financial planning services and consulting services. The Adviser does not specialize in any particular type of advisory services. Since the Adviser is a newly-formed investment adviser registered with the SEC, NCAM anticipates that it will have at least \$100 million of assets under management within 120 days of its registration with the SEC. NCAM will update this section, along with its Form ADV Part 1A, as soon as practicable thereafter.

#### **Item 5 – Fees and Compensation**

All fees are subject to negotiation.

The specific manner in which fees are charged by the Adviser is established in a client's written agreement with NCAM. The Adviser is compensated for investment management or supervisory services based on clients' assets under management. Fees are paid quarterly in arrears and are due on the fifteenth day of the calendar quarter, and are based on the account's asset value as of the last business day of the prior calendar quarter. Fees are prorated for accounts opened during the quarter. Fees for asset management services are negotiable and generally range 1.0% to 2.75% per year of the assets under management. Fees are not allowed to exceed 3% annually. Fees are typically based on the amount of assets under management and the range of services being provided. The Adviser currently does not charge any performance fees. Since fees are payable after services are provided, there are no unearned fees and the client is not due a refund upon early termination of an investment advisory contract. However the Adviser's fees are prorated to the date of termination. The Adviser bills clients as well as requests that the custodian deduct fees directly from the client's accounts.

The account custodian may charge fees, which are in addition to and separate from the investment advisory service fee. Custodians may charge accounts for various transaction costs, retirement plan and administration fees. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12(b)(1) fees and other mutual fund annual expenses as described in each fund's prospectus. Advisory clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

The Adviser may provide financial planning and consulting services consistent with clients' financial and tax status, in addition to their risk profile and return objectives. The Adviser may also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Clients are charged an hourly fee or fixed fee for financial planning and consulting services. Hourly fees are due and payable as services are performed. Flat fees are due and payable upon completion of the plan or services or as stated in the client agreement. Under certain circumstances a deposit may be required for fixed fee services and the balance upon completion of the plan or service. Fees are based on the complexity of the plan or service, project and/or the range of services provided. Hourly fees generally range from \$75 to \$300 with a minimum of 2 hours. Fixed fees vary widely depending upon the number and range of services provided to the client. These fees typically range from \$200 to \$15,000 per billing period. Additionally, educational seminars are billable at the Adviser's hourly rate or fixed fees established by the Adviser, as well as other fees to cover the cost of any materials provided to the participants that may apply. Financial plans produced will typically be delivered within six months or sooner of the date of the Agreement. The Adviser considers fees for financial planning or a consulting project to be earned as progress is realized toward creation of the plan or completion of the service.

The Adviser receives compensation pursuant to its agreements with third-party advisers for introducing clients to third-party advisers and for certain ongoing services provided to clients. This compensation is disclosed to the client in a separate disclosure document and is typically equal to a percentage of the investment advisory fee charged by that third-party adviser or a fixed fee. The disclosure document provided by the Adviser will clearly state the fees payable to the Adviser and the impact to the overall fees due to these payments. Since compensation the Adviser receives may differ depending on the agreement with each third-party adviser, the Adviser may have an incentive to recommend one third-party advisers over another, if the compensation arrangements are more favorable. Since the independent third-party adviser may pay the fee for the investment advisory services of the Adviser, the fee paid to the Adviser is not negotiable, under most circumstances. Fees paid by clients to independent third-parties are established and payable in accordance with the Form ADV Part 2A or other equivalent disclosure document

of each independent third-party adviser to whom the Adviser refers its clients, and may or may not be negotiable, as disclosed in the disclosure documents of the third-party adviser.

Clients who are referred to third-party investment advisers will receive full disclosure, including services rendered and fee schedules, at the time of the referral, by delivery of a copy of the relevant third-party adviser's Form ADV Part 2A or equivalent disclosure document at the same time as the Form ADV Part 2A or equivalent disclosure document of the Adviser. In addition, if the investment program recommended to a client is a wrap fee program the client will also receive the Wrap Fee Brochure provided by the sponsor of the program. The Adviser will provide to each client all appropriate disclosure statements, including disclosure of solicitation fees to the Adviser and its advisory associates. The Adviser may also employ/engage solicitors to whom it will pay cash or a portion of the fees paid by investors referred to it by those solicitors. All solicitors who refer clients will comply with the requirements of the jurisdiction where they operate. When applicable the solicitor will be licensed as investment advisers or notice filed in the applicable jurisdiction.

The Adviser may have employees that are registered representatives of an affiliated broker-dealer. The broker-dealer may offer various types of products including equities, fixed income securities, options, mutual funds, alternative investments and insurance products. In their capacity as registered representatives, associated persons of the Adviser may recommend securities or other products and receive normal transactions commissions or other compensation. In addition, the Adviser and its associated persons may receive commissions in lieu of investment advisory fees. Thus, a conflict of interest may exist between the interests of the associated persons and those of the advisory clients. However, clients are under no obligation to act upon any recommendations of the associated persons or effect any transactions through the associated persons if they decide to follow the recommendations.

Item 12 further describes the factors that NCAM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

The Adviser currently does not charge any clients performance fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

NCAM provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, sovereign funds, foreign funds such as UCITs and SICAVs, and other U.S. and international institutions.

The Adviser generally requires a minimum of \$25,000 to establish a new advisory account; however, certain types of programs offered by the Adviser may require a \$100,000 minimum. Please refer to your Investment Management Agreement for further details. Under very limited circumstances, the minimums may be waived at the sole discretion of the Adviser. In addition, the Adviser may continue to service existing accounts that have values that have fallen below the relevant account minimum.

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

The Adviser provides a comprehensive range of services to clients with complex financial needs and who generally have in excess of \$1,000,000 in invested assets. The services will include but are not limited to asset management on a discretionary or non-discretionary basis, and financial planning and consulting services. The services may include but are not limited to providing advice regarding asset allocation, analyzing alternative investments, researching hard to value securities, making investment selections, providing general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning. The Adviser considers the client's risk profile, return objectives, and financial and tax status prior to making any recommendations.

When multiple services such as investment management, financial plan implementation or financial planning services are offered, there is a potential conflict of interest since there is an incentive for the party offering financial planning services to recommend products or services for which the Adviser, or a related party, may receive compensation. However, financial planning clients are under no obligation to act upon any recommendations of the Adviser or to effect any transactions through the Adviser if they decide to follow the recommendations.

Investment adviser representatives may suggest that clients implement recommendations through the Adviser's affiliated broker-dealer. Investment adviser representatives would receive normal and customary commissions as sales agents resulting from these securities transactions, presenting investment adviser representatives with a potential conflict of interest.

Furthermore, in implementing a plan through relationships maintained by investment

adviser representatives, clients may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. Clients are advised that they are under no obligation to implement the plan or its recommendations through the investment adviser representatives in their capacities as registered representatives.

The Adviser has entered into agreements with various third-party advisers. Under these agreements, the Adviser offers clients various types of programs sponsored by these advisers. All third-party investment advisers to whom the Adviser will refer clients will be licensed as investment advisers by their resident state and any applicable jurisdictions or registered investment advisers with the Securities and Exchange Commission. After gathering information about a client's financial situation and investment objectives, the Adviser will assist the client in selecting a particular third-party program.

Through its investment adviser representatives the Adviser may provide educational seminars for participants in various retirement plans. Topics typically cover various investment concepts, investment allocation, and other general subjects but may involve the investment options available within the plan. Retirement plan related consulting to individual plan participants is not differentiated from other financial consulting.

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

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of NCAM or the integrity of NCAM's management. NCAM has no information applicable to this Item.

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

Due to the nature of the affiliated broker-dealer relationship with Newport Coast Securities, Inc., the Adviser and its investment adviser representatives may act as both investment advisers and registered representatives for the client account and therefore may receive compensation for acting in both capacities. The Adviser and its investment

adviser representatives have a fiduciary duty to provide clients with unbiased advice, but also have a self-interest in receiving fees and charges for transactions effected. As a result, a conflict of interest exists that could affect the objectivity of recommendations by the Adviser and its investment adviser representatives. The Adviser and its investment adviser representative recommendations note that there may be other suitable securities and investment products available through other broker-dealers.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

NCAM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at NCAM must acknowledge the terms of the Code of Ethics annually, or as amended.

The Adviser anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which NCAM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which NCAM, its affiliates and/or clients, directly or indirectly, have a position of interest. NCAM's employees and persons associated with NCAM are required to follow NCAM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of NCAM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for NCAM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of NCAM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of NCAM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of

Ethics, and to reasonably prevent conflicts of interest between NCAM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with NCAM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. NCAM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

NCAM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Ted Augustyniak, Chief Compliance Officer, at 312-988-0425.

It is NCAM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. NCAM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

The Adviser and its investment adviser representatives may engage in transactions through its affiliated broker-dealer, Newport Coast Securities, Inc., for client accounts and therefore may receive compensation for acting in both an advisory and broker-dealer capacity. The Adviser and its investment adviser representatives have a fiduciary duty to provide the client with unbiased advice, but also have a self-interest in receiving and fees and charge transactions effected. As a result, a conflict of interest exists that could affect the objectivity of recommendations by the Adviser and its investment adviser representatives.

The Adviser and its investment adviser representatives' recommendations acknowledge that there may be other suitable securities and investment products available through other non-affiliated broker-dealers.

The Adviser does not currently participate in any soft dollar arrangements.

In placing its orders to purchase or sell securities in accounts, principals of the firm may elect to aggregate orders. In so doing, the firm will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of adviser's investment advisory agreement with each client for which trades are being aggregated; no advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction; adviser will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement; notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved in writing by adviser's compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed.

The Adviser's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account; funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement; adviser will receive no additional compensation of any kind as a result of the proposed aggregation; and individual investment advice and treatment will be accorded to each advisory client.

The Adviser does not use client brokerage to compensate representatives for client referrals. Client accounts that are managed by the Firm's investment adviser representatives may be custodied at Newport Coast Securities, Inc., the Firm's affiliated

broker-dealer, may not pay the lowest custody and transaction costs when compared to those provided by another non-affiliated broker-dealer.

### **Item 13 – Review of Accounts**

Investment adviser representatives perform reviews of all investment advisory accounts no less than quarterly. Accounts are reviewed for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial status. Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by an investment adviser representative. Brokerage statements are generated no less than quarterly. These statements are sent directly from the account custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. Financial plans are reviewed only upon request unless the Adviser is retained to update the plan on a continuous basis.

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

The Adviser does not have any arrangements which allow for the Adviser to be compensated for client referrals nor are there any related persons of the Adviser that have this type of arrangement. The Adviser also does not receive any economic benefit, including sales awards or prizes, from a person who is not a client for providing advisory services to clients.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. NCAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

NCAM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, NCAM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, NCAM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to NCAM in writing.

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

As a matter of firm policy and practice, NCAM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. NCAM may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about NCAM's financial condition. NCAM 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.