

**Form ADV Part 2A: Firm Brochure**

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Pequot Capital Management Inc. is an investment advisor that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

**This brochure provides information about the qualifications and business practices of Pequot Capital Management Inc. If you have any questions about the contents of this brochure, please contact us at (914) 401-7040. 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.**

**Additional information about Pequot Capital Management Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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## **1. Advisory Business**

Pequot Capital Management, Inc. (“Pequot”), founded in 1999, is an investment advisory services firm that currently manages one private company investment through a private fund vehicle. The firm is wholly owned by Arthur J. Samberg.

Pequot and its affiliates specialize in providing investment advisory services to a private fund vehicle (the “Fund”). In providing our advisory services, we have one investment in a privately held company.,

The Fund we advise is currently in the process of winding down and liquidating all of its assets. Therefore, our investment advice is currently limited to advice related to the liquidation of assets.

We do not participate in wrap fee programs.

The amount of client assets that we manage on a discretionary basis, as of December 31, 2014, is \$36.0 million. We do not manage any client assets on a non-discretionary basis.

## **2. Fees and Compensation**

The Fund we advise is currently in the process of winding down and liquidating all of its assets. The firm and its affiliates are not compensated for their services in connection with its liquidation.

In connection with our advisory services, clients bear all of their own expenses (ordinary and extraordinary). The enumerated list below does not contemplate every possible expense a client may incur. The Fund is responsible for: (i) all out-of-pocket expenses incurred in connection with the liquidation of the Fund, including any brokerage and other transaction costs; (ii) routine expenses of the Fund, including legal, auditing, consulting and financing fees, and expenses associated with preparing the fund's financial statements and tax returns, as well as other administrative expenses of the Fund; and (iii) all litigation-related and indemnification expenses. Please see Section 9 which discusses our brokerage practices.

### **3. Performance-Based Fees and Side-By-Side Management**

The Fund we advise is currently in the process of winding down and liquidating all of its assets. The firm and its affiliates are not compensated for their services in connection with its liquidation.

#### **4. Types of Clients**

Our clients is a private investment fund. Our client's investors include a broad range of U.S. and non-U.S. institutions and high net worth individuals. We require investors that are U.S. persons to be "accredited investors" and "qualified purchasers" (as defined in applicable federal securities laws and regulations).

## **5. Method of Analysis, Investment Strategies and Risk of Loss**

The Fund we advise is currently in the process of winding down and liquidating all of its assets, therefore we are not actively investing at this time.

## **6. Disciplinary Information**

On May 27, 2010 the Securities and Exchange Commission (the “SEC”) filed a complaint against Pequot and Arthur Samberg in the United States District Court for the District of Connecticut. The SEC's complaint generally alleged, and Pequot and Samberg neither admitted nor denied the allegations, that, while in possession of material, nonpublic information regarding Microsoft Corporation in 2001, Samberg transacted in the securities of Microsoft on behalf of funds that he managed for Pequot. On June 2, 2010, without admitting or denying the allegations in the SEC's complaint, Pequot and Samberg consented to the entry of a final judgment in the United States District Court for the District of Connecticut permanently enjoining Pequot and Samberg from violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder; ordering Pequot and Samberg to pay \$15,142,020 in disgorgement and \$2,696,448 in prejudgment interest on a joint and several basis; and ordering Pequot and Samberg each to pay a \$5 million civil money penalty.

On June 8, 2010, the SEC issued an order which found that Pequot and Samberg consented, without admitting or denying the allegations in the SEC's complaint, to the entry of a final judgment on June 2, 2010 in the United States District Court for the district of Connecticut permanently enjoining them from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder; ordering them to pay \$15,142,020 in disgorgement on a joint and several basis, together with prejudgment interest thereon in the amount of \$2,696,448; and ordering Pequot and Samberg each to pay a \$5 million civil money penalty. Based on the foregoing, without admitting or denying the findings in the SEC's order, Pequot and Samberg consented to the entry of an administrative order (1) censuring Pequot, and (2) barring Samberg from association with any investment adviser, with the exception that Samberg, for a 15-month period, may continue to be associated with Pequot and perform advisory activities solely for the purpose of completing the wind down of Pequot.

This item is not applicable because our firm and management persons have not been involved in any self-regulatory organization proceedings.



## **7. Other Financial Industry Activities and Affiliates**

Neither our firm nor any of directors, officers or principals is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither our firm nor any of directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

We manage the following client fund, which are our related persons:

- Azul Holdco, LLC

We do not recommend or select other investment advisers for our clients, receive compensation directly or indirectly from those advisers that create a material conflict of interest, or have other business relationships with those advisers that create a material conflict of interest.

## **8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We have adopted a Code of Ethics in accordance with the Securities and Exchange Commission requirements. Our Code of Ethics is based on the principle that our firm and our employees have a fiduciary duty to our clients and the investors in our clients, and, in this fiduciary capacity we must place the interests of our clients and their investors before our own interests. It contains detailed rules concerning a firmwide standard of care, conflicts of interest, treatment of inside information, personal securities transactions, preferential treatment, gifts and entertainment, directorships and related compensation, record-keeping requirements and the administration of our Code of Ethics.

As a small advisory firm with one access person, we maintain records regarding the personal securities trading activities of our access person in accordance with our Code of Ethics and applicable SEC rules.

The paragraphs above only represent a summary of key provisions in our Code of Ethics. We will provide a copy of our entire Code of Ethics to any client or any investor in our clients that requests one.

Our firm, its employees, officers, partners, directors (and any persons performing similar functions), and persons directly or indirectly controlling our firm, controlled by our firm or are under common control with our firm may not (a) engage in a principal transaction with the firm's clients or (b) recommend to the firm's clients securities or other investment products in which any such person has some other proprietary (ownership) interest or sales interest.

Principals and employees of our firm may not buy and sell for themselves securities that they also buy and sell for our clients.

## **9. Brokerage Practices**

Our client currently holds only private securities. We do not utilize research and other soft dollar benefits. We do not consider referrals in selecting or recommending broker-dealers. Our client does not direct brokerage.

As our client is in the process of winding down we do not purchase securities. For any securities sold by our client, we place one aggregate sale order for that one client's account. .

## **10. Review of Accounts**

We review the progress of our client's liquidation on a regular basis.

We provide investors in our Fund with written quarterly reports that contain information about the Fund in which they have invested.

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

We do not receive an economic benefit from non-clients for providing advisory services to our client.

We do not have any arrangements in which we compensate third party persons or entities for client referrals or to solicit clients (e.g., placement fees).

## **12. Custody**

Due to our access to client funds and securities as general partner or manager of certain funds that we manage we are deemed to have constructive custody of our clients' funds and securities within the meaning of Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "Custody Rule").

[We utilize the services of a bank to hold all client funds in an account that contains only client funds. Our remaining client has no remaining investments in securities other than a single investment in an uncertificated privately offered security.

### **13. Investment Discretion**

All of our firm's investment advisory services involve the management of client accounts on a fully discretionary basis. We have the authority to determine, without obtaining specific client consent, which securities to buy or sell and the amount of securities to buy or sell, the broker through which we effect trades, and the commission rates at which we effect trades. In exercising this authority, we adhere to the investment strategy and program set forth in each of the funds' private placement memorandum.

Each investor in one of our client funds is required to complete our subscription documents to acquire an interest in the fund, which, among other things, confirms that the investor has reviewed the relevant disclosure document describing the scope of our authority and the inability of any investor to direct our trading activities.

#### **14. Voting Client Securities**

We will evaluate and vote proxy issues only if we determine that it is relevant in connection with the wind down of a client.

Upon request, clients or investors in our clients may receive a copy of our Proxy Voting policies and procedures and/or information regarding the manner in which securities held in their account were voted.



## **15. Financial Information**

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.

Our firm has never been the subject of a bankruptcy petition.