

**Blue Ocean Strategic Capital, LLC**  
**Form ADV Part 2A**  
**Investment Adviser Brochure**

**March 2015**

This brochure provides information about the qualifications and business practices of Blue Ocean Strategic Capital, LLC. If you have any questions about the contents of this brochure, please contact Brian Wells, Director of Office Systems and Operations, at 315.471.2672. 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. Registration as an investment advisor does not imply any level of skill or training.

Additional information about Blue Ocean Strategic Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number, Blue Ocean Strategic Capital, LLC's CRD Number is 112777.

333 W. Washington Street  
Syracuse, NY 13202  
315.471.2672  
[bjw@boscllc.com](mailto:bjw@boscllc.com)  
[www.boscllc.com](http://www.boscllc.com)

## **Item 2: Summary of Material Changes**

---

In this Item of Blue Ocean Strategic Capital, LLC's (Blue Ocean or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated March 10, 2014.

### **Material Changes since the Last Update (May, 2013)**

Since the last Annual Amendment filing, the Firm has the following material changes to report:

- Kevin Vandenberg, Chief Compliance Officer and Director of Managed Portfolios, has left the Firm.
- Ted Sarenski, President and Chief Executive Officer, has been named as Chief Compliance Officer of the Firm.
- Ted Sarenski is the sole owner of Blue Ocean.

### **Full Brochure Available**

Blue Ocean's Form ADV may be requested at any time, without charge by contacting Brian Wells, Director of Office Systems and Operations at 315.471.2672 or by email at [bjw@boscllc.com](mailto:bjw@boscllc.com).

## Item 3: Table of Contents

---

Item 1: Cover Page	1
Item 2: Summary of Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	6
Item 6: Performance-Based Fees and Side-by-Side Management	7
Item 7: Types of Clients	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9: Disciplinary Information	10
Item 10: Other Financial Industry Activities and Affiliations	10
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	11
Item 12: Brokerage Practices	12
Item 13: Review of Accounts	14
Item 14: Client Referrals and Other Compensation	15
Item 15: Custody	16
Item 16: Investment Discretion	16
Item 17: Voting Client Securities	16
Item 18: Financial Information	17
Form ADV Part 2B – Investment Adviser Brochure Supplement	18
Educational Background and Business Experience	19
Disciplinary Information	25
Other Business Activities	25
Additional Compensation	26
Supervision	26

## Item 4: Advisory Business

---

### Firm Description

Blue Ocean Strategic Capital, LLC (Blue Ocean or the Firm) is an Investment Adviser providing advice to individuals, charitable organizations, foundations, endowments, 401k plans, and profit sharing plans. Blue Ocean was founded in 1997 (then known as DB&B Financial Services).

Blue Ocean is a fee based financial planning and asset management firm. The firm does not sell stocks, bonds, mutual funds, limited partnerships, or other commissioned products.

### Principal Owners

Blue Ocean is solely owned by Ted Sarenski, President, Chief Executive Officer, and Chief Compliance Officer.

### Types of Advisory Services

#### Asset Management Services

Blue Ocean provides continuous advice to clients regarding investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Blue Ocean creates and manages a portfolio based on client objectives. Blue Ocean will manage advisory accounts on a discretionary and non-discretionary basis. Account supervision is guided by the stated objectives of the client.

Blue Ocean will create a portfolio consisting of one or more of the following: individual equities, bonds, ETFs, ETN's, other investment products, and no-load or load-waived mutual funds. Investments may also include: warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

When appropriate to the needs of the client, Blue Ocean may recommend the use of option writing. Because this investment strategy involves certain additional degrees of risk, it will only be recommended when consistent with the client's stated tolerance for risk.

### Financial Planning

Blue Ocean also provides financial planning. Clients using our financial planning services may or may not contract with Blue Ocean for Asset Management Services. Financial planning may address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.

- Education: Education IRAs, financial aid, state savings plans, grants and general assistance in preparing to meet dependents continuing educational needs through development of an education plan.
- Tax Cash Flow: Income tax and spending analysis and planning for past, current and future years. Blue Ocean will illustrate the impact of various investments on a client's current income tax and future tax liability.
- Death and Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- Investments: Analysis of investment alternatives and their effect on a client's portfolio.
- Estate: Living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.
- Insurance: Review of existing policies to ensure proper coverage for life, health, disability, long term care, liability, home and automobile.

Financial planning clients may receive a written report, providing a detailed financial plan designed to achieve their stated financial goals and objectives.

Blue Ocean gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents including a questionnaire completed by the client, supplied by the client are carefully reviewed, and a written report is prepared. If a client chooses to implement the recommendations contained in the plan, Blue Ocean suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Financial planning recommendations are not limited to any specific product or service offered by a broker dealer or insurance company.

### **Tailored Relationships**

Blue Ocean tailors investment advisory services to the individual needs of the client. Blue Ocean clients are allowed to impose restrictions on the investments in their account. Blue Ocean may accept any reasonable limitation or restriction to discretionary or non-discretionary authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to Blue Ocean in writing.

### **Wrap Fee Programs**

Blue Ocean does not participate in a Wrap Fee Program.

### **Client Assets**

As of December 31, 2014, Blue Ocean managed approximately \$209 million in assets. Approximately \$204 million is managed on a discretionary basis, and approximately \$5 million is managed on a non-discretionary basis.

## **Item 5: Fees and Compensation**

---

### **Compensation**

Blue Ocean bases its fees on a percentage of assets under management. Blue Ocean fee schedules are described below.

#### **Compensation – Asset Management Services**

The annual fees for Blue Ocean asset management services are:

- 1.00% of the first \$2,000,000 of assets under management
- 0.80% of the next \$3,000,000 of assets under management
- 0.60% of the next \$5,000,000 of assets under management
- 0.40% of assets over \$10,000,000 under management

Fees are charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Asset Management Agreement. Existing clients may have been grandfathered in from a lower fee schedule.

Blue Ocean will generally calculate fees in advance on a quarterly basis. Clients may elect to be invoiced directly for fees or to authorize Blue Ocean to directly debit fees from client accounts.

Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter.

#### **Compensation – Financial Planning Services**

Financial Planning fees will be charged by a fixed fee, typically ranging from \$500 to \$2,000, depending on the nature and complexity of each client's circumstances.

All financial planning fees are due in arrears, upon presentation of the financial plan or consulting engagement for the client.

### **Agreement Terms**

Either party may terminate the client agreement at any time by notifying the other in writing. The client will pay the rate for the time spent on the financial planning engagement prior to notification of termination. If the client made an advance payment on asset management services, Blue Ocean will refund any unearned portion of the advance payment.

#### **General Information on Compensation and Other Fees**

In limited circumstances, fees, account minimums and payment terms may be negotiable depending on a client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or

less than others depending on the amount of assets, type of portfolio, the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation. Lower fees for comparable services may be available from other sources.

Custodians may charge transaction fees on purchases or sales of certain mutual funds, exchange-traded funds, equities and bonds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

All fees paid to Blue Ocean for asset management services are separate and distinct from the fees and expenses charged by mutual funds and variable annuity sub-accounts to their shareholders. These fees and expenses are described in each fund's or sub account's prospectus. These fees will generally include a management fee, other expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund or sub-account directly, without the services of Blue Ocean. In that case, the client would not receive the services provided by Blue Ocean which are designed, among other things, to assist the client in determining which mutual funds or sub-accounts are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds/sub-accounts and the fees charged by Blue Ocean to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

---

Neither Blue Ocean nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7: Types of Clients**

---

Blue Ocean is a registered investment adviser providing advice to individuals, pension and profit sharing plans, trusts, foundations, endowments, and charitable organizations.

### **Account Minimums**

Blue Ocean requires a minimum account of \$500,000 for investment advisory clients, although this may be negotiable in limited circumstances. Blue Ocean may group certain related client accounts for the purposes of achieving the minimum account size.

Blue Ocean, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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

---

### **Methods of Analysis**

Blue Ocean may employ the following security analysis methods: fundamental analysis; charting/technical analysis; and economic analysis. Generally, BOSCO is a top-down firm looking at the economy first, followed by industry, sector, and individual company.

**Fundamental Analysis**, which attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Charting/Technical Analysis**, which analyzes past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Economic analysis** provides insight into how markets operate, and offers methods for attempting to predict future market behavior in response to events, trends, and cycles.

### **Investment Strategies**

Blue Ocean may use any of the following investment strategies to implement investment advice. Long-term purchases (securities held at least a year); Short-term purchases (securities sold within a year); Trading (securities sold within 30 days); Margin transactions; Option writing, including covered options,.

The primary investment strategy used on client accounts is strategic asset allocation utilizing a diversified target allocation approach. This means that we use a combination of actively managed and passively managed funds combined with ETFs in order to diversify risk and increase potential return. Portfolios are globally diversified to control the risk associated with traditional markets.



The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Blue Ocean does not recommend a particular type of security. Rather, Blue Ocean recommends securities and a portfolio mix that is in the best interest of the client.

## **Risk of Loss**

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

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the

inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Blue Ocean reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. Blue Ocean may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

### **Initial Public Offerings**

Blue Ocean typically does not participate on behalf of its clients in initial public offerings. In the event Blue Ocean does participate, all portfolio managers will be provided with copies of the registration statement and other information about the IPO for review. Portfolio managers will determine for which clients the IPO security is suitable and appropriate, and will have a pre-determined deadline for submitting orders. The trader will submit one aggregated order on behalf of all Blue Ocean's clients. In the event Blue Ocean receives only a partial fill of the IPO order, Blue Ocean will allocate shares. Blue Ocean will generally allocate IPO shares on a pro rata basis, but may fill small orders entirely before applying the pro rata allocation.

## **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 the evaluation of Blue Ocean or the integrity of Blue Ocean's management.

Blue Ocean has no disclosable items to report.

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

---

### **Financial Industry Activities – Broker/Dealer**

Blue Ocean is not registered as a broker-dealer.

### **Financial Industry Activities – Futures and Commodities**

Neither Blue Ocean, nor any of its management persons are registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Other Activities and Affiliations**

Investment Adviser Representatives (IARs) of Blue Ocean may be licensed insurance agents or brokers and may be appointed with several insurance companies. They may earn separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any company for insurance product purchases, and may work with any insurance agent they choose. Insurance

compensation will be separate and distinct from investment advisory fees charged by Blue Ocean.

### **Other Investment Advisors**

Blue Ocean does not recommend or select other investment advisors for its clients.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

---

### **Code of Ethics**

Blue Ocean employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Ted Sarenski, President, Chief Executive Officer and Chief Compliance Officer, reviews all employee trades each quarter. His Trades are reviewed by Brian Wells, Director of Office Systems and Operations. These reviews ensure that personal trading does not affect the markets, and that clients of Blue Ocean receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Blue Ocean's employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of Blue Ocean's Code of Ethics by contacting Brian Wells at 315.471.2672.

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

Blue Ocean and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of Blue Ocean 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, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Blue Ocean's clients. In addition, the Code requires pre-clearance of certain transactions.

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 designed to reasonably prevent conflicts of interest between Blue Ocean and its clients.

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

Blue Ocean and its employees may trade in the same securities with client accounts on an aggregated basis when consistent with Blue Ocean'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. Blue Ocean 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.

## **Item 12: Brokerage Practices**

---

### **Research and Other Soft Dollar Benefits**

Blue Ocean does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in "Directed Brokerage – Other Economic Benefits".

### **Brokerage for Client Referrals**

Blue Ocean may receive client referrals from broker/dealers but does not compensate for those referrals.

### **Directed Brokerage/Best Execution**

If the client requests Blue Ocean to arrange for the execution of securities brokerage transactions for the client's account, Blue Ocean shall direct such transactions through broker-dealers that Blue Ocean reasonably believes will provide best execution. Blue Ocean shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

### **Directed Brokerage – Other Economic Benefits**

Blue Ocean may receive from Fidelity/Schwab, at no cost to Blue Ocean, professional services, computer software and related systems support, enabling Blue Ocean to better monitor client accounts maintained at Fidelity/Schwab. Blue Ocean may receive this support without cost because of the portfolio management services rendered to clients that maintain assets at Fidelity/Schwab. The support provided may benefit Blue Ocean, but not its clients directly. In fulfilling its duties to its clients, Blue Ocean endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Blue Ocean's receipt of economic benefits from a broker-dealer may create a conflict of interest

since these benefits may influence Blue Ocean's choice of broker-dealer over another broker-dealer that does not furnish similar services, software and systems support.

The commissions paid by Blue Ocean's clients shall comply with Blue Ocean's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Blue Ocean determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Blue Ocean will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

Blue Ocean shall generally recommend that portfolio management clients establish brokerage accounts with Fidelity/Schwab or Charles Schwab, to maintain custody of clients' assets and to effect trades for their accounts.

Fidelity/Schwab offer other services intended to help Blue Ocean manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Fidelity/Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Blue Ocean. Fidelity/Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Blue Ocean.

Fidelity/Schwab may also provide other benefits such as educational events or occasional business entertainment of Blue Ocean personnel. In evaluating whether to recommend or require that clients custody their assets at Fidelity/Schwab, Blue Ocean may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Fidelity/Schwab, which may create a potential conflict of interest.

Blue Ocean is independently owned and operated and not affiliated with Fidelity/Schwab. Fidelity/Schwab provides Blue Ocean with access to its institutional trading and custody services, which are typically not available to Fidelity/Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis **and are not otherwise contingent upon Blue Ocean committing to Fidelity/Schwab any specific amount of business** (assets in custody or trading).

For Blue Ocean's client accounts maintained there, Fidelity/Schwab is compensated through commissions or other transaction-related fees for securities trades that are executed through Fidelity/Schwab or that settle into Fidelity/Schwab accounts. The

brokerage commissions and/or transaction fees charged by Fidelity/Schwab or any other designated broker-dealer are exclusive of and in addition to Blue Ocean's fees.

### **Trade Aggregation**

Blue Ocean typically aggregates trades for multiple accounts. Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. If the order is filled at different prices during the day, the prices are averaged for the day so that all participating accounts receive the same price. If an order has not been filled completely so that there are not enough shares to allocate among all the clients equally, shares will be allocated in good faith, based on the following considerations: amount of cash in the account, existing asset allocation and industry exposure, risk profile, and type of security. All clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions.

Blue Ocean's allocation procedure seeks to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.

## **Item 13: Review of Accounts**

---

### **Reviews**

Blue Ocean's Investment Policy Committee is comprised of Ted Sarenski, President, CEO, and Chief Compliance Officer; Robert S. Just, Director of Research and Brian Wells, Director of Office Systems and Operations. Each Committee member is also a client account manager. The Committee meets regularly to discuss overall firm investment philosophy to consistently apply to client accounts regardless of the client account manager.

Each client is assigned a client account manager. The client account manager has the responsibility for communicating with the client, updating changes to the client's situation and regularly reviewing the client's portfolio including the asset allocation and the specific assets included in the account. The client review includes comparing the portfolio and current security positions with the goals and objectives as outlined by the client, reviewing changes to the client's investment circumstances, evaluating the specific holdings, re-balancing the portfolio and communicating the current status of the portfolio and any recommended actions to the client.

Clients' accounts are reviewed regularly; formal reviews, including contact with clients, typically occur at least annually.

### **Review Triggers**

Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, change in sector weightings in overall philosophy and changes in a client's own situation.

## **Reporting**

Each month, the custodian provides clients with an account statement for each client account, which may include individual holdings, cost basis information, deposits and withdrawals, accrued income, dividends, and performance. In addition, the custodian provides clients with trade confirmations for each position bought and sold.

Blue Ocean also provides clients with a quarterly report including an account appraisal that identifies the current positions as of the reporting date, amount owned current value, capital contributions and withdrawals, and percentage weighting within the portfolio of each security. An annual performance summary is also provided for the portfolio for the most recent quarter, previous twelve months, 3 year, and 5 year time periods.

## **Financial Planning – Reviews and Reporting**

Financial Planning clients will be reviewed and receive reports as contracted for at the inception of the engagement.

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

---

### **Other Compensation**

#### **Compensation – Brokerage Arrangements and Economic Benefits**

As disclosed in Item 12, Blue Ocean may recommend that clients establish brokerage accounts with Fidelity/Schwab to maintain custody of clients' assets and to effect trades for their accounts. Although Blue Ocean may recommend that clients establish accounts at Fidelity/Schwab, it is the client's decision to custody assets with Fidelity/Schwab. Blue Ocean is independently owned and operated and not affiliated with Fidelity/Schwab. Despite this relationship, Blue Ocean does not receive any formal compensation or economic benefit from Fidelity/Schwab.

#### **Compensation – Client Referrals**

Blue Ocean may enter into written arrangements to pay cash referral fees to individuals or companies (solicitors) who refer prospective clients to the Firm. In these cases, there will be a written agreement between Blue Ocean and the solicitors, which clearly defines the duties and responsibilities of the solicitor under this arrangement. In addition, each solicitor is required to provide a written disclosure document, which explains to the prospective client the terms under which the solicitor is working with Blue Ocean and the fact that the solicitor is being compensated for the referral activities. The solicitor is also required to furnish a copy of Blue Ocean's written disclosure document to the prospective client and obtain a written acknowledgement from the client that both the solicitor's and Blue Ocean's disclosure documents have been received.

## **Item 15: Custody**

---

### **Custody – Fee Debiting**

Clients may authorize Blue Ocean (in the client agreement) to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian (custodian). The custodian is advised in writing of the limitation of Blue Ocean's access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Blue Ocean.

### **Custody – Account Statements**

As described above and in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that Blue Ocean provides. Blue Ocean statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities

## **Item 16: Investment Discretion**

---

### **Discretionary Authority for Trading and Limited Power of Attorney**

Through the asset management agreement, Blue Ocean may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows Blue Ocean to execute trades on behalf of clients.

When such limited powers exist between the Blue Ocean and the client, Blue Ocean has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, Blue Ocean may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to Blue Ocean in writing.

If Blue Ocean has not been given discretionary authority, Blue Ocean consults with the client prior to each trade.

## **Item 17: Voting Client Securities**

---

Blue Ocean votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy.

Blue Ocean acts as a discretionary investment adviser for various clients, including clients governed by the Employee Retirement Income Security Act of 1974 (ERISA).

Upon execution of the client Agreement, the client elects to:



- Assign the responsibility for voting all proxies solicited by issuers of securities held in the Portfolio to Blue Ocean, or
- Retain the responsibility for voting all proxies solicited by issuers of securities held in the Portfolio. See disclosures above regarding proxies voted by clients.

When the responsibility to vote proxies has been assigned to Blue Ocean, the firm's utmost concern is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). Blue Ocean will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's portfolio.

Brian Wells, Director of Office Systems and Operations, is ultimately responsible for ensuring that all proxies received by Blue Ocean are voted in a timely manner and in a manner consistent with Blue Ocean's determination of the client's best interests. Although many proxy proposals can be voted in accordance with Blue Ocean's established guidelines, Blue Ocean recognizes that some proposals require special consideration, which may dictate that Blue Ocean makes an exception to the guidelines.

Clients may direct Blue Ocean's vote; direction must be received in writing.

Clients may contact Brian Wells at 315.471.2672 for information about proxy voting.

## **Item 18: Financial Information**

---

Blue Ocean 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.

Blue Ocean is not required to provide a balance sheet; Blue Ocean does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

As described in Item 4, Blue Ocean (formerly known as DB&B Financial Services) was formed in 1997 as a subsidiary of Dermody, Burke and Brown, a CPA firm. In 2008 and 2010 Ted Sarenski and a minority shareholder purchased Blue Ocean Strategy Capital, LLC from Dermody, Burke and Brown. In 2014, Ted Sarenski purchased the minority shareholder's position. Each buy-out was funded by debt which is serviced (paid) by the current cash flow of Blue Ocean Strategy Capital, LLC. While this debt service results in net negative working capital, Blue Ocean Strategy Capital, LLC does not believe it impairs the firm's ability to meet contractual and fiduciary commitments to clients.

**Blue Ocean Strategic Capital, LLC**  
**Form ADV Part 2B**  
**Investment Adviser Brochure Supplement**

**Supervisor: Ted Sarenski**

**Supervisor of:**

Barbara Spears  
Brian Wells  
Julie Leone  
Rob Just  
Dennis Hebert  
Jennifer Spagnola

**March 2015**

This brochure supplement provides information about the Firm's Supervised Persons that supplements the Blue Ocean Strategic Capital, LLC's brochure. You should have received a copy of that brochure. Please contact Brian Wells, Director of Office Systems and Operations at 315.471.2672, if you did not receive Blue Ocean Strategic Capital, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about the Firm's Supervised Persons is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each Supervised Person.

333 W. Washington Street, Suite 220  
Syracuse, NY 13202  
315.471.2672  
[bjw@boscllc.com](mailto:bjw@boscllc.com)  
[www.boscllc.com](http://www.boscllc.com)

## Educational Background and Business Experience

---

### Education and Business Background

BOSC requires a college degree and/or extensive experience in providing advisory services as a minimum standard for professionals. In addition, individuals must be properly licensed and registered, unless exempted, in states in which such individuals are conducting investment advisory business.

### Supervised Persons

---

**Theodore J. Sarenski**  
**CRD# 4396294**

**Born: 1956**

*Business Background:*

Blue Ocean Strategic Capital, LLC CEO, President, Owner, and Chief Compliance Officer	1998 to Present
--	-----------------

Bryant & Stratton College Instructor	2013 to Present
---	-----------------

Dermody, Burke and Brown Group Accountant and Shareholder	1997 to 2008
--	--------------

Glazier, Gerber and Sarenski CPA, PC Accountant and Shareholder	1982 to 1997
--	--------------

*Education:*

Binghamton University B.S. Accounting

*Professional Designations and Licenses:*

CPA/PFS – Certified Public Accountant/Personal Financial Specialist

CFP – Certified Financial Planner

AEP – Accredited Estate Planner

---

**Brian J. Wells**

**Born: 1970**

*Business Background:*

Blue Ocean Strategic Capital, LLC Director of Office Systems and Operations	2001 to Present
--	-----------------

Dermody, Burke and Brown Group Accountant	1997 to 2001
--	--------------

*Education:*

LeMoyne College B.S Accounting

*Professional Designations and Licenses:*

CPA/PFS – Certified Public Accountant/Personal Financial Specialist

---

**Barbara Spears**

**Born: 1962**

*Business Background:*

Blue Ocean Strategic Capital, LLC  
Office Manager and Director of 401k Plans

2001 to Present

*Education:*

American Intercontinental University B.S. Administration / Management

---

**Julie M. Vitale-Leone MBA**

**Born: 1971**

*Business Background:*

Blue Ocean Strategic Capital, LLC  
Director of Social Media

1998 to Present

HSBC Trust Department  
Trust Administration Support

1994 to 1996

*Education:*

Syracuse University B.S. in Finance & Economics  
Rochester Institute of Technology M.B.A.

---

**Robert S. Just**

**Born: 1960**

*Business Background:*

Blue Ocean Strategic Capital, LLC  
Director of Research

2012 to Present

Armory Capital Management  
(spinoff of Green & Seifter Investment Advisors)  
Advisor

2009 to 2012

Green & Seifter Investment Advisors  
Advisor

1998 to 2009

American Express Financial Advisors  
Advisor

1988 to 1998

---

*Education:*

University of Vermont B.S. Business Administration, Concentration in Finance

---

**Dennis Hebert**

**Born: 1947**

*Business Background:*

Blue Ocean Strategic Capital, LLC  
Advisor

2012 to Present

Ridgeway & Conger  
Advisor

2011 to 2012

Hebert Financial Strategies  
Advisor

2003 to 2012

Commonwealth Financial Network  
Advisor

2003 to 2011

MONY Securities Corporation  
Advisor

1996 to 2003

Mutual of New York  
Advisor

1996 to 2003

*Education:*

Associate in Arts: Onondaga Community College  
Bachelors of Science Management & Industrial Relations/  
Minor in Accounting: University of Bridgeport  
Masters of Science in Financial Services: The American College

*Professional Designations and Licenses:*

CFP – Certified Financial Planner  
AEP – Accredited Estate Planner  
AIF – Accredited Investment Fiduciary  
CLU – Chartered Life Underwriter  
ChFC – Chartered Financial Consultant  
CLTC - Certified in Long-Term Care

---

**Jennifer L. Spagnola**

**Born: 1972**

*Business Background:*

Blue Ocean Strategic Capital, LLC  
Client Service Specialist

2012 to Present

*Education:*

Associate in Arts: Onondaga Community College  
Bachelor's Degree: Health Sciences

---

## **Professional Certifications**

Blue Ocean's supervised persons maintain professional designations, which required the following minimum requirements:

### **CPA – Certified Public Accountant**

**Issued by:** State Boards of Accountancy

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- Minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA);
- Successful passing of the Uniform CPA Examination

### **Educational Requirements:**

- At minimum, a college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting);

**Examination Type:** Uniform CPA Examination

**Continuing Education/Experience Requirements:** Completion of 40 hours of continuing professional education each year (or 80 hours over a two year period) in order to maintain a CPA license.

### **PFS – Personal Financial Specialist**

**Issued by:** American Institute of Certified Public Accountants (AICPA).

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- Must hold an unrevoked CPA license;
- Fulfill 3,000 hours of personal financial planning business experience;
- Complete 80 hours of personal financial planning continuing professional education credits;
- Pass a comprehensive financial planning exam (PFS Exam); and
- Be an active member of the AICPA

**Educational Requirements:** Must meet minimum education requirements for CPA.

**Examination Type:** PFS Exam

**Continuing Education/Experience Requirements:** Completion of 60 hours of financial planning continuing professional education credits every three years

### **CFP – Certified Financial Planner**

**Issued by:** Certified Financial Planner Board of Standards, Inc.

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience

**Educational Requirements:** Candidate must complete a CFP-board registered program, or hold one of the following:

- CPA
- ChFC
- Chartered Life Underwriter (CLU)
- CFA
- Ph.D. in business or economics
- Doctor of Business Administration
- Attorney's License

**Examination Type:** CFP Certification Examination

**Continuing Education/Experience Requirements:** 30 hours every 2 years

### **ChFC – Chartered Financial Consultant**

**Issued by:** The American College

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- 3 years of full-time business experience within the five years preceding the awarding of the designation

**Educational Requirements:** 6 core and 2 elective courses

**Examination Type:** Final proctored exam for each course

**Continuing Education/Experience Requirements:** 30 CE credits every 2 years

### **AEP – Accredited Estate Planner**

**Issued by:** National Association of Estate Planners and Councils

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- Must be an attorney (JD), accountant (CPA), insurance professional and financial planner (CLU/ChFC, CFP) or trust officer (CTFA)
- Must be in good standing with their professional organization and not be subject to disciplinary investigation
- Must have a minimum of 5 years' experience in estate planning in one or more of the prerequisite professions.

**Education Requirements:** 2 graduate level courses administered by The American College or from another accredited graduate program as part of a master's or doctoral degree unless applicant has 15 or more years' experience as an estate planner

**Examination Type:** Final exam for each course. If self-study through The American College, must be taken at Pearson VUE testing centers, which are proctored.

**Continuing Education/Experience Requirements:** 30 hours every 24 months, including 15 hours in estate planning.

Re-certification required annually.

#### **AIF® – Accredited Investment Fiduciary**

**Issued by:** Center of Fiduciary Studies

**Prerequisites/Experience Required:** Candidate must meet a point-based threshold based on a combination of education, relevant industry experience and/or professional development.

**Education Requirements:** Candidate must complete one of the following:

- Web-based program
- Capstone program

**Examination Type:** Final certification exam, proctored closed book

**Continuing Education/Experience Requirements:** 6 hours per year

#### **CLU – Chartered Life Underwriter**

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- A combination of education and/or experience working with seniors
- Agree to be bound by the American College's Code of Ethics

**Educational Requirements:** Candidate must complete the following:

- Self-study or classroom coursework
  - 8 courses: 5 required, 3 elective

**Examination Type:** None

**Continuing Education/Experience Requirements:** 30 CE credits every 2 years



## **CLTC - Certified in Long-Term Care**

CLTC stands for "Certified in Long-Term Care," a designation granted by the Corporation for Long-Term Care Certification. CLTC graduates have completed a rigorous multidisciplinary course that focuses on the profession of long-term care planning. The program is recognized by state regulators, through the granting of continuing education credits, as having provided essential information necessary to the appropriate sale of long-term care insurance.

**Educational Requirements:** Candidate must complete the following:

- CLTC Master Class is a two day course or through an eLearning course

**Examination Type:** The CLTC exam is taken at Prometric testing centers. You have 120 days from the second day of class to complete your exam. The Prometric exam contains 100 multiple-choice questions which you will have 2 hours to complete. A passing grade of 70% is required.

**Continuing Education/Experience Requirements:** In order to ensure that our graduates are up-to-date on the latest information in the Long-Term Care Industry, CLTC has two graduate requirements. Graduates are required to take a continuing education course every two years along with making a renewal payment to support their continued education

## **Disciplinary Information**

---

Neither Blue Ocean nor any of its employees have been involved in any activities that would result in a disciplinary disclosure.

## **Other Business Activities**

---

Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations above. These Outside Business Activities do not create a material conflict of interest with clients.

Investment Adviser Representatives (IARs) of Blue Ocean may be licensed insurance agents or brokers and may be appointed with several insurance companies. They may earn separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any company for insurance product purchases, and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from investment advisory fees charged by Blue Ocean.

Disclosure on Fees and Compensation is provided in Form ADV Part 2A Item 5 – Fees and Compensation.

## **Additional Compensation**

---

No individual employee of Blue Ocean receives any economic benefit outside of regular salaries or bonuses related to amount of sales, client referrals or new accounts, outside of what has already been disclosed in Outside Business Activities above.

## **Supervision**

---

Ted Sarenski, President, CEO, and Chief Compliance Officer, supervises all persons named in this Form ADV Part 2B Investment Adviser Brochure Supplement with regard to compliance and ethical issues. Ted supervises all employees by holding regular staff, investment and other ad hoc meetings. In addition, Ted regularly reviews client reports, emails, and trading, as well as employees' personal securities transaction and holdings reports. Ted may be reached at 315.471.2672 for any additional questions.