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**March 29, 2016**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Equitas Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 504-569-9600. 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 Equitas Capital Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Equitas Capital Advisors, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 16, 2015 we have made material changes to report. Please note the following changes that were made.

On March 23, 2015, the Professional Review Board of the Investment Management Consultants Association ("IMCA"), a non-profit credentialing organization and membership association for advanced investment and wealth management professionals, issued a ruling based substantially on the SEC Order. In the ruling, which became final on September 24, 2015, IMCA found that the same conduct addressed in the SEC Order constituted a violation of IMCA rules and standards of practice by David Thomas and they suspended David Thomas from using the CIMA designation until August 31, 2016 and required David Thomas to attend ten additional hours of continuing education and 12 hours of instruction in personnel management or supervision. David Thomas remains an IMCA member in good standing.

Effective March 16, 2016 David Thomas (CEO) and Susan Christina voluntarily resigned as registered representatives of Purshe Kaplan Sterling. All notations of the relationship to Purshe Kaplan Sterling formerly in "Other Financial Industry Activities and Affiliations" section of this Form ADV Part 2A and Form ADV Part 2B are removed.

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## **Item 4. Advisory Business**

Equitas Capital Advisors, LLC ("the Advisor", the "firm", "we" or "us") is an independent New Orleans, Louisiana based investment advisory firm. We provide a broad variety of investment management consulting services to a range of clients on a continuous basis. The firm has been in business since September 2002. David S. Thomas, Jr. is the Chief Executive Officer and 100% owner of the firm.

### **Investment Advisory Services**

Our investment advisory services are driven by and coordinated to meet each client's specific financial goals. Our clients include high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, public funds, trusts, estates, Taft-Hartley Funds, family offices and corporations. Our consulting services include:

- Investment Policy Statement
- Asset Allocation Studies
- Investment Manager Search and Selection
- Performance Review and Evaluation
- Investment Manager Style Analysis
- 401(k) Consulting
- Alternative Assets Consulting
- Financial Planning
- Custody Review
- Fiduciary Education
- Fee Negotiations
- Active Asset Allocation

We work closely with our clients to analyze and define each client's individual investment objectives and needs. We tailor our advice and services to each client's particular objectives.

Generally, we do not have discretionary authority over our clients' funds, although in some cases we provide services on a discretionary basis. For the most part, we do not engage in the purchase or sale of individual securities for a client's account. All securities transactions are conducted in the client's account either through (1) separately managed accounts, (2) wrap-fee accounts, (3) mutual fund shares, (4) limited partnership interests or (5) private equity interests. In each instance, a third-party professional investment advisor is retained to manage the client's assets. We generally make no investment decisions regarding the investment in specific securities in a client's account.

The firm sponsors a managed account wrap-fee program ("MAP"), through which we assist our clients in selecting independent portfolio managers to manage their assets. We work closely with each client to analyze and define the client's investment objectives, financial goals, time horizons, and risk tolerance, and then recommend one or more portfolio managers based upon the particular investment strategies they offer. The platform of managers includes approximately 720 professionally-managed investment products. The portfolio manager(s) exercise discretionary authority over the client's funds in order to achieve the client's investment objectives, consistent with the investment strategy chosen by the client. MAP is not recommended for clients who wish to impose restrictions on investing in certain securities or types of securities.

As part of our investment advisory services, we may use one or more sub-advisers to manage a portion of your account on a discretionary basis and/or to render investment advice to you. We will regularly monitor the performance of your accounts managed by sub-adviser(s), and may hire and fire any sub-adviser without your prior approval. We currently utilize Wealthharbor Capital Group, LLC

("Wealthharbor") and ADG Wealth Management Group ("ADG") as sub-advisors and Wealthharbor and ADG may also utilize our firm as sub-advisor for its clients. Associated persons of Wealthharbor and ADG share office space with our firm and we also process compensation for associated persons of Wealthharbor in the form payment for benefits and/or salary. You will not pay our firm a higher advisory fee as a result of any sub-advisory relationships.

All clients who participate in MAP establish and maintain an account at Pershing Advisor Solutions, LLC ("PAS"), a broker-dealer and a division of the Bank of New York, and pay PAS a single "wrap fee" that covers all transaction, clearing and settlement, and custody expenses. MAP provides a cost effective alternative to paying separately for money management services, trading costs, brokerage fees, investment counseling, and ongoing account administration. This fee is generally .70% to 2.15% of the value of Client's assets in the MAP program (the fee varies based on the size of the account), payable quarterly in advance. PAS pays a portion of the wrap fee (.05% to 1 %) to the Advisor for its services, however any fees we receive through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from MAP.

As of December 31, 2015, we provide continuous management services for \$73,067,043.00 in client assets on a discretionary basis, and \$1,594,910,640.00 in client assets on a non-discretionary basis.

#### **Municipal and Financial Advisory Services**

We also offer municipal and financial advisory services to issuers and municipalities, institutions, governmental entities, corporations and other business entities. Services include but are not limited to advice regarding bond offerings, underwriting and pricing of fixed income investments or other securities in connection with financing transactions, consulting and assistance with retention of service providers including accountants, attorneys, investment bankers and other service providers. The specific services provided will be determined on a client by client basis.

#### **Equitas Evergreen Fund, L.P**

We serve as the investment adviser to the Equitas Evergreen Fund, L.P. a private pooled investment vehicle. The objective of Equitas Evergreen Fund, L.P. (the "Fund") is to achieve capital appreciation through investments in other private funds. The Partnership invests primarily in a limited number of private investment partnerships managed by a select group of non-traditional, performance-oriented hedge fund managers employing a variety of hedged and other investment strategies. The Fund is offered only by private placement memorandum and other offering documents to investors meeting certain sophistication and financial requirements. Investors and prospective investors should refer to the offering documents of the Fund for a detailed description of the risks, investment objectives, fees and other relevant information.

### **Item 5. Fees and Compensation**

#### **Investment Advisory Services**

For general consulting services, we charge an annual negotiable fee generally ranging between .25% and 1.00% of the value of the client's Account(s)/assets. For certain services, we may charge fees which differ from our general fee range. In limited circumstances we may charge fixed fees, which will be negotiated with each client on a case-by-case basis and will depend on the scope and complexity of the services provided.

Clients may elect to be billed directly or may authorize us to deduct fees from their accounts held with

Pershing Advisor Solutions/Pershing, LLC. Fees are charged quarterly in advance based on the market value of the account on the last day of the preceding quarter. Market value means the value of all assets in the account (not adjusted by any margin debit), including all securities (both long and short) and money market and credit balances.

Clients who do not participate in the MAP program may be required to pay, in addition to our fee, investment management fees, brokerage fees and commissions, custodial fees, legal and accounting fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, record-keeping fees, and other fees and/or taxes charged by, and paid directly to, third parties. See Item 2 ("Brokerage Practices"). Clients may be required to pay a proportionate share of any exchange-traded funds or mutual fund's fees and charges. For example, mutual fund operating expenses are paid out of the fund and are an additional expense incurred by the client.

Clients pay all advisory fees quarterly, in advance. For accounts opened after the commencement of a quarter, the Advisor will not charge for the entire quarter, but rather will pro rate the first quarter based on the number of months remaining. Fees for partial quarters at the termination of an agreement will be refunded on a pro rata basis contingent on the number of full days or months the account was open during the quarter, subject to a 30-day termination period during which the client is still responsible for fees.

For clients who invest the Evergreen Fund, the Adviser does not charge advisory fees for the amounts invested in the Evergreen Fund. This is because the Advisor already receives an advisory fee from the Evergreen Fund.

In certain cases, where the account is invested in a MAP account Pershing Advisor Solutions, LLC's ("PAS"), MAP: pays a portion of the wrap fee to the Advisor for its services, however any fees we receive through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from MAP.

In certain situations, the Investors may receive fee offsets or income. The Advisor entered into an agreement with Meridian in 2006, pursuant to which the Advisor received a portion of both advisory and performance fees paid to Meridian by investors who had been referred to Meridian by the Advisor (the "Meridian Agreement"). However, the Advisor has agreed that the account holders will receive these fees, which the Advisor has used to offset, on a dollar-for-dollar basis, the particular client's consulting fees charged by the Advisor. To the extent the offset is greater than the consulting fee invoiced, the remaining will be credited to the Meridian investor.

### **Municipal and Financial Advisory Services**

For municipal and financial advisory services, the fees and fee paying arrangements are negotiated with each client on a case-by-case basis and vary based on the scope and complexity of the services provided.

### **Equitas Evergreen Fund, L.P**

For its services to the Fund, the Advisor is entitled to management fees at an annual rate of 1.0% of each limited partner's capital account balance, payable quarterly in advance.

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

The Advisor may simultaneously manage accounts that are charged performance-based fees and accounts that are charged asset-based fees. The portfolio managers of these accounts may utilize substantially similar investment strategies and may invest in substantially similar assets for both account types. This portfolio management relationship is often referred to as “side-by-side management.” Managing such accounts “side-by-side” may create a conflict of interest, as there may be a financial incentive to favor accounts for which the Adviser receives performance-based fees. Accounts that pay performance-based fees reward the Adviser based on the performance in those accounts. As a result, performance-based fee arrangements may provide a heightened incentive for portfolio managers to make investments that may present a greater potential for return but also a greater risk of loss and that may be more speculative than if only asset-based fees were applied. In addition, the side-by-side management of accounts that pay performance-based fees and accounts that only pay a fixed-rate fee may create a conflict of interest as the portfolio manager may have an incentive to favor accounts with the potential to receive greater fees. For example, a portfolio manager may be faced with a conflict of interest when allocating scarce investment opportunities given the possibility of greater fees from accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees.

The Advisor is guided by fiduciary principles in the management of conflicts of interest. Put simply, the Advisor is expected to always act in the best interests of its clients. The Advisor’s fiduciary obligation applies in every aspect of our dealings with clients, regardless of the account relationship, assets under management or fee structure. The Advisor takes its fiduciary obligation very seriously. To address these types of conflicts, the Advisor has adopted policies and procedures pursuant to which allocation decisions may not be influenced by fee arrangements, and investment opportunities will be allocated in a manner that the Advisor believes is consistent with its obligations as an investment adviser.

## **Item 7. Types of Clients**

We provide services to high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, public funds, trusts, estates, Taft-Hartley Funds, family offices, corporations and pooled investment vehicles.

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

The Adviser utilizes different methods of analysis that are tailored for each of the investment strategies it offers its clients. The role that the Advisor often assumes in a client relationship is that of an outside Chief Investment Officer. Our clients have determined that they can use our firm’s expertise and experience to supplement or fulfill the duties of the CIO more cost effectively than having a full-time officer perform the same functions in house. This relationship saves time, money, and valuable company resources. In most cases we complete an investment policy statement with each client, outlining the investment philosophy, management procedures, and long-term goals for the investor. Portfolio design is tailored to each client’s risk tolerance and preferences.

Initially, investment portfolios are designed “top down.” Asset allocation decisions are the first priority. Each asset class has its own set of characteristics. We have modeled the different asset classes for the expected risk/return potential in correlation with other asset classes. There is a risk that the asset classes will perform out of character or the assumptions could prove to be incorrect in the models.

As for our managed-accounts program, we employ a variety of quantitative and qualitative methods in



selecting the investment managers we recommend to our clients. The qualitative aspect of our analysis is supported by several comprehensive databases of investment managers incorporating virtually every type of portfolio – from mutual funds and commingled trusts to separately managed portfolios to limited partnerships and private equity investments. Qualitative investment performance is examined over a number of different market cycles for consistency of returns, consistency of investment style, dispersion in investment returns, regression statistics, and tracking error. The Advisor evaluates portfolio managers on an ongoing basis to ensure that they continue to meet our guidelines and standards.

We use our best judgment and good faith efforts in rendering services to our clients. However, all investments involve risk of loss that clients should be prepared to bear. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment recommendation we make will be profitable. Clients assume all market risk involved in the investment of account assets. Investments are subject to various market, currency, economic, political and business risks. The types of risks often involved in managed accounts, specifically, are: volatility, standard deviation, downside risk, correlation, illiquidity, currency, and manager business risk.

We strongly urge clients to examine all aspects of the risk involved in any investment decision and weigh their risk/reward parameters. We also counsel that "past performance is no guarantee of future results" when it comes to investments. It is the responsibility of our clients to give us complete information and to notify us of any changes in financial circumstances or goals.

Investors and potential investors in Equitas Evergreen Fund, L.P should refer to the Fund's offering documents for a description of the Fund's methods of analysis, investment strategies and risks.

## **Item 9. Disciplinary Information**

On October 23, 2013, the Advisor, along with David Thomas and Sue Christina ("Respondents"), entered into a settled administrative proceeding with the Securities and Exchange Commission (the "SEC") related to alleged violations of Section 203(e), 203(f), 203(k) of the Investment Advisers Act and Section 15(b)(6) of the Securities Exchange Act of 1934 (the "Order") As part of the settlement, the Respondents neither admitted nor denied the findings in the Order issued by the SEC. The SEC's findings are based on inadvertent mistakes or negligence. At no point did the SEC find that any of us intended to mislead or deceive anyone.

Without admitting or denying the findings, Respondents consented to the entry of the Order summarized as follows:

The Order alleges that, in certain instances, the Advisor inadvertently overbilled certain clients, negligently provided inadequate disclosures to clients regarding historical performance, compensation, conflicts of interest, and prior exam deficiencies; failed to conduct adequate annual compliance reviews, and to maintain adequate policies and procedures. The Order also alleges that David Thomas aided and abetted and caused the above referenced violations and Sue Christina aided and abetted and caused the compliance related violations and was ordered to cease and desist from same. As part of the settlement, but without admitting or denying the SEC's findings, the Advisor agreed to correct these deficiencies – caused in substantial part by our former COO – and to revise our policies, procedures, and systems to reduce the likelihood of future mistakes. Our new process is working seamlessly and no further billing errors have occurred.

The Advisor and David Thomas was ordered to cease and desist from committing or causing any future violations of the above rules, and the Advisor agreed to pay a civil penalty in the amount of



\$100,000 and \$35,000, respectively. The Advisor was also ordered to and agreed to hire an independent consultant to conduct three annual reviews of the firm's policies and procedures.

As a result of the Order, on March 23, 2015, the Professional Review Board of the Investment Management Consultants Association ("IMCA"), a non-profit credentialing organization and membership association for advanced investment and wealth management professionals, issued a ruling based substantially on the Order. In the ruling, which became final on September 24, 2015, IMCA found that the same conduct by David Thomas addressed in the SEC Order constituted a violation of IMCA rules and standards of practice, and IMCA suspended David Thomas from using the CIMA designation until August 31, 2016 and required David Thomas to attend ten additional hours of continuing education and 12 hours of instruction in personnel management or supervision. David Thomas remains an IMCA member in good standing.

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

### *Equitas Partners, LLC*

As disclosed above, our affiliate, Equitas Partners, LLC ("EP") serves as the general partner of a private fund doing business as Equitas Evergreen Fund, LP (the "Fund"). The Fund is a diversified fund of hedge funds comprising more than twenty-five individual hedge funds with differing investment strategies and risk characteristics. The Advisor and EP are commonly owned by David Thomas, Jr., and David serves as the Chief Executive Officer of both entities.

### *Pershing Advisor Solutions, LLC*

Pershing Advisor Solutions, LLC ("PAS") is a registered broker-dealer that regularly provides brokerage services for the Advisor's clients through the MAP account program. PAS provides insured custodial services through Pershing LLC, a division of the Bank of New York Mellon. All client accounts that participate in the MAP program sponsored by the Advisor must establish and maintain an account at PAS. The Advisor and PAS are separately owned and operated.

All clients who participate in MAP establish and maintain an account at PAS, and pay PAS a single "wrap fee" that covers all transaction, clearing and settlement, and custody expenses. MAP provides a cost effective alternative to paying separately for money management services, trading costs, brokerage fees, investment counseling, and ongoing account administration. PAS pays the Advisor a portion of the wrap fee for its services. However any fees we receive through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from MAP.

The practices described above could present a conflict of interest because they could give the Advisor an incentive to recommend these investment products based on the compensation received, rather than on a client's needs, because the possible reversion of the fee to Advisor provides an incentive to Advisor to recommend MAP accounts at PAS over other type accounts. We are conscious of and sensitive to these potential conflicts, however, and of the duty of loyalty that we, as a fiduciary, owe our investment advisory clients. The Adviser has developed policies and procedures which address such conflicts of interest and the recommendation brokers and account types in accordance with fiduciary requirements. This includes the duty to address and to disclose conflicts of interest that may exist between the firm and clients. These potential conflicts of interest are disclosed to clients and potential clients in this brochure. Finally, clients have the option to purchase investment products that the Advisor recommends through other brokers or agents that are not affiliated with the Advisor.

Where appropriate, the Advisor may recommend that a client invest in the Equitas Evergreen Fund, LP (the "Fund"). The Advisor receives fees from advising the Fund and an affiliate of the Advisor and Equitas Capital Partners receives investment returns and a performance fee from the Fund. In addition, associated persons of the Advisor have made investments in the Fund. This creates a conflict of interest and incentive to recommend the Fund over other investments. The Adviser has developed policies and procedures that address such conflicts of interest. In addition, to mitigate the conflict of interest and to provide clients good value, the Advisor does not charge consulting fees on assets invested in the Fund.

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

### **A. Code of Ethics**

We have a Code of Ethics that all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to clients. Our Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

A copy of the Code of Ethics is available to any client or prospective client upon request. Our clients may request a copy of the firm's Code of Ethics by contacting Susan Christina at 504-569-9600 or [schristina@equitas-capital.com](mailto:schristina@equitas-capital.com).

### **B. Securities in which the Adviser or a Related Person has a Material Financial Interest**

The Adviser may recommend, purchase, or sell securities for client accounts in which it, or related persons, has a financial interest. As an example, the Adviser can select, on a discretionary basis, funds in which the Adviser acts as the investment manager, including funds that may hold illiquid securities. Additionally, employees of the Adviser or its related persons may hold the same or similar securities as client portfolios, and from time to time may recommend such securities for purchase or sale in clients' portfolios in the normal course of business. Similarly, employees or related persons of the Adviser who maintain private equity interests may hold the same or similar interest as client portfolios. The Adviser has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities.

### **C. Investing in Securities that the Adviser or a Related Person Recommends to Clients**

The Adviser or one of its related persons may, for its own account, buy or sell securities or other instruments that the Adviser has recommended to clients or purchased or sold for its clients. The Adviser has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities.

### **D. Conflicts of Interest Created by Contemporaneous Trading**

The Adviser and its related persons may recommend securities to clients that the Adviser and its related persons may also purchase or sell. As a result, positions taken by the Adviser and its related persons may be the same as or different from, or made contemporaneously or at different times than, positions taken for clients of the Adviser. As these situations may involve potential conflicts of interest, the Adviser has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and

mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding preclearance of employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients, including the prevention of front-running. In addition, the Adviser has implemented monitoring systems designed to ensure compliance with these policies and procedures.

## **Item 12. Brokerage Practices**

### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

For the most part, Advisor's business consists of recommending money managers who handle their own trading and select their own broker-dealer.

For other accounts, the Adviser selects brokers for the execution of transactions for client accounts in accordance with its best execution policies and procedures. In making a decision about best execution, the Adviser considers a number of factors including, but not limited to, the:

- Price per unit of the security;
- Broker's execution capabilities;
- Commissions charged;
- Broker's reliability for prompt, accurate confirmations and on-time delivery of securities;
- Broker-dealer firm's financial condition;
- Broker's ability to provide access to public offerings; and

The Adviser is responsible for determining that the level of commission paid for each trade is reasonable in light of the executions received. Commissions on brokerage transactions may be subject to negotiation. Negotiated commissions take into account the difficulty involved in execution, the extent of the broker's commitment of its own capital (if any), the amount of capital involved in the transaction, and any other services offered by the broker.

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

As noted in Item 12. A., above, the Adviser's primary objective in broker-dealer selection is to comply with its duty to obtain best execution of orders for clients. Best execution does not necessarily mean the lowest commission, but instead involves consideration of a number of factors (listed above). The Adviser may pay the broker-dealer with "soft" or commission dollars in exchange for access to statistical information and research, which is offered without any commitment to engage in any specific business or transaction. Although payment of soft dollars is a permissible practice, consideration of research provided in the context of soft dollar payments is not a factor in determination of best execution.

Soft Dollar Purchases" refers to the direction of transactions to a broker in exchange for brokerage and research services, the primary use of which must directly assist the Advisor in its investment decision-making process. We regard the following as appropriate Soft Dollar Purchases:

- (a) Proprietary research and information on companies, industries, sectors, and the economy;
- (b) Meetings in person or telephone with management of companies;
- (c) Performance measurement;
- (d) Third-party research;
- (e) Fundamental databases;
- (f) Technical analysis software;
- (g) Statistical periodicals and journals;
- (h) Portfolio analysis software; and
- (i) Political or economic analysis.

When we use client soft dollars to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services received. Any Soft Dollar Purchase will be used to benefit all clients of the Advisor and not merely the clients involved at the time the soft dollar purchase was made. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than our client's interest in receiving most favorable execution. We compile and maintain records of each Soft Dollar Purchase, including any agreements, and for each broker: a list of proprietary and third-party research providers and the service or product obtained from each provider. Our CCO samples, evaluates, and records the execution quality of selected brokers on an annual basis. In addition, we annually generate a report listing the brokers used, commissions paid, and the number of transactions handled for each broker. Our CCO analyzes the selection, use, execution quality and commission rates of the brokers selected and whether the current usage comports with the Advisor's selection and soft dollar criteria.

Under the Adviser's soft dollar policy, the services obtained must fall within the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a safe harbor that protects a money manager from liability for a breach of fiduciary duty solely because it pays more than the lowest available commission rate. Section 28(e) requires that the research services obtained with client brokerage commissions provide lawful and appropriate assistance in the decision-making process, and that the amount of the client commission is reasonable in relation to the value of the products or services provided by the broker-dealer.

As a result, while the Adviser generally seeks the most favorable price in placing its orders, an account may not always pay the lowest price available, but generally orders are executed within a competitive range. The Adviser may select brokers who charge a higher commission than other brokers, if the Adviser determines in good faith that the commission is reasonable in relation to the brokerage and research services the broker provides. Additionally, while adhering to its duties of good faith and best execution, the Adviser's equity group regularly reviews the soft dollar benefits it receives from each of its broker-dealers and establishes a target amount to spend on services from each broker-dealer.

### ***Directed Brokerage***

Our clients are free to establish and maintain accounts at any financial institution. Unless a client

directs otherwise, we may use our discretion in recommending a broker-dealer. The client is not obligated to effect transactions through any broker-dealer recommended by us. In recommending broker-dealers, we will comply with our fiduciary duty to seek best execution and with the Securities Exchange Act of 1934. We will take into account such relevant factors as:

- Price;
- The custodian's facilities, reliability and financial responsibility;
- The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such custodian to the Advisor, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- Any other factors that we consider to be relevant.

Generally speaking, we will recommend that clients establish brokerage accounts with Pershing Advisor Solutions, LLC ("PAS"). PAS meets the above criteria and provides discounted commission rates to Equitas clients. PAS is a registered broker-dealer and SIPC member. PAS provides insured custodial services through Pershing LLC, a division of the Bank of New York Mellon. We work primarily with PAS for administrative convenience and because PAS offers good value to our clients for the transaction costs and other costs incurred.

Clients who establish an account through PAS are offered two alternative means of paying PAS for these services: (1) transaction-based and (2) fee-based. Clients who elect PAS transaction-based accounts will pay for each securities transaction made, according to the pricing schedule established by PAS. This pricing schedule is made available to each of our clients and their respective investment managers. These transaction-based charges are in addition to the fee charged by the Advisor for consulting services. The Advisor does not receive or share in such transaction-based charges.

Clients who elect PAS fee-based accounts pay an all-inclusive fee that covers all transaction, clearing, settlement and custody expenses as well as our fee. The schedule of asset-based fees is made available to each of our clients and his/her/its respective investment managers.

*Managed-Account Wrap-Fee Program:*

PAS, as the participating broker-dealer of the managed-account wrap-fee program ("MAP"), requires all clients participating in MAP to establish and maintain an account at PAS. The PAS platform allows our clients to select from a large number of money managers, offers good value to our clients, and gives us access to system support, research, and due diligence on the managers. PAS's clearing and execution broker-dealer, Pershing LLC ("Pershing"), requires all money managers who participate in MAP to execute all transactions through Pershing's trading desk. We have no control over the trading activity conducted between the client's money manager and Pershing. Money managers acting on their clients' behalf may be able to obtain better execution for securities transactions from another broker-dealer.

All clients who participate in MAP pay PAS a single "wrap fee" that covers all transaction, clearing and settlement, and custody expenses. The Advisor receives a portion of the wrap fees from PAS for the services the Advisor provides, however any fees we receive through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from MAP. The conflict of interest this arrangement presents and how we deal with such conflicts are also described in Item 1

above as well as in the Advisor's Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure.

*Aggregation of Trades:*

The Advisor (for discretionary accounts) or our sub-advisor(s) may aggregate trades for clients. The allocations of a particular security usually will be determined by us or the sub-advisor before the trade is placed with the broker. When practical, client trades in the same security will be bunched in a single order (a "block") in an effort to obtain best execution at the best security price available.

When we aggregate orders, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to our discretion depending on factual or market conditions. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts. Allocations of orders among client accounts must be made in a fair and equitable manner.

## **Item 13. Review of Accounts**

*Managed-Account Wrap-Fee Program:*

We require each client to complete an investor profile questionnaire that measures the client's individual objectives, time horizons and risk parameters. Additionally, representatives of our firm consult with the client to better understand the client's investment goals and needs. We review client accounts to ensure their continued suitability with respect to the client's financial goals and objectives, time horizons, and risk parameters. The frequency of account reviews is determined based on the client's investment objectives.

We generally review accounts quarterly, but in any event, no less than annually. More frequent reviews may be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large sales or purchases, loss of confidence in corporate management, or changes in the economic climate. Reviews are first conducted by an Analyst, then by an Investment Management Consultant, and finally by the Chief Compliance Officer. We regularly contact and consult with clients regarding their investment accounts. Clients are responsible for promptly bringing any material change in investment objectives or financial condition to our attention.

We provide clients with a quarterly portfolio evaluation report. The report details the account's performance in terms of time-weighted rate of return and compares it to that of selected benchmarks. We ordinarily select the benchmarks on the basis of the client's investment objectives, money manager, and the manager's management style. The performance figures reflected in the quarterly portfolio evaluation reports are calculated using software maintained by Greenhill, based upon account data submitted by the clearing broker-dealer firm providing custodial services for the accounts.

We also arrange for clients to receive (1) trade confirmations reflecting all transactions effected on the client's behalf, and (2) monthly statements reflecting all cash and securities transactions, deposits, withdrawals of principal and income, and all securities held in the account. Where there is no monthly activity, clients receive quarterly statements listing all securities held in the account.

*Separate Accounts:*

For clients who retain an investment manager in a transaction-based, separate account format (a "Separate Account"), the client's investment policy statement ordinarily will outline the client's goals and objectives, time horizons and risk parameters. We review accounts at least annually, at which time we contact the client to confirm the client's investment goals and risk parameters. More frequent reviews may be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large sales or purchases, loss of confidence in corporate management, or



changes in the economic climate. Reviews are first conducted by an Analyst, then by an Investment Management Consultant, and finally by the Chief Compliance Officer. We regularly contact and consult with clients regarding their investment accounts. Clients are responsible for promptly bringing any material change in investment objectives or financial condition to our attention.

Separate Account Clients receive standard account statements from the custodian of their accounts on a monthly basis. We also provide some of our Separate Account clients with a quarterly performance report generated using GHperf software, which is based on account data supplied by the client's custodian.

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

### **A. Economic Benefits for Providing Services to Clients**

In certain situations, the Advisor may receive income for placing investors in the managed account wrap-fee program (MAP) that the Advisor sponsors through Pershing Advisor Solutions, LLC. All clients who participate in MAP establish and maintain an account at PAS, and pay PAS a single "wrap fee" that covers all transaction, clearing and settlement, and custody expenses. PAS pays the Advisor a portion of the wrap fee for its services; however any fees the Advisor receives through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from PAS.

The practices described above presents a conflict of interest because they could give the Advisor an incentive to recommend these investment products based on the compensation received, rather than on a client's needs, because the possible reversion of the fee to Advisor provides an incentive to Advisor to recommend MAP accounts at PAS over other type accounts. We are conscious of and sensitive to these potential conflicts, however, and of the duty of loyalty that we, as a fiduciary, owe our investment advisory clients. The Adviser has developed policies and procedures which address such conflicts of interest and the recommendation brokers and account types in accordance with fiduciary requirements.

### **B. Compensation to Non-Supervised Persons for Client Referrals**

We have no arrangements, written or oral, in which we compensate any third-parties for referrals of clients.

## **Item 15. Custody**

The Advisor generally does not maintain physical custody of its clients' assets. Client assets are typically held by a qualified custodian pursuant to a separate custody agreement. However, pursuant to Rule 206(4)-2 under the Advisers Act, in certain circumstances the Adviser may be deemed to have custody of client assets.

The Advisor will be deemed to have custody of client assets when it or an affiliate acts in any capacity that gives the Advisor legal ownership of, or access to, client assets, (e.g. when the Advisor serves as a general partner, managing member, or comparable position for certain unregistered investment pools.) Clients in such private funds will receive the fund's annual audited financial statements. Such clients should review these statements carefully. If clients in the private funds do not receive audited



financial statements in a timely manner, then they should contact the Advisor immediately.

The Advisor has certain separately-managed accounts where the Advisor is deemed to have custody of the client's assets because it or a related person directly or indirectly holds client funds or securities or has authority to obtain possession of them. Clients will receive account statements at least quarterly directly from their broker-dealer, bank or other qualified custodian. Separately-managed account clients may also receive a Statement of Assets from the Advisor. Clients are encouraged to compare the account statements that they receive from their qualified custodian with those that they receive from the Advisor. If clients do not receive statements at least quarterly from their qualified custodian in a timely manner, then they should contact the Advisor immediately.

The Advisor may be deemed to have custody of wrap program client's assets if the Advisor contracts directly with the wrap program client for services. In such cases, the Program Sponsor or a qualified custodian will send required periodic account statements to the wrap program client. The wrap program client should carefully review and reconcile the custodian statements to ensure that they reflect appropriate activity in the wrap program account. If clients do not receive periodic accounts statements from their qualified custodian in a timely manner, then they should contact the Advisor immediately.

As stated above, the Advisor's affiliate, Equitas Partners, LLC ("EP"), serves as the general partner of a private fund doing business as Equitas Evergreen Fund, LP (the "Fund"). EP, as General Partner of the Fund, has access to the Fund's assets, and therefore has custody over such assets. Investors in the Funds are provided with audited annual financial statements within 180 days of the Fund's fiscal year end.

## **Item 16. Investment Discretion**

The Adviser provides both discretionary and non-discretionary investment management services. If a client elects for discretionary services of their account, an investment advisory agreement must first be signed before the Adviser may act on behalf of the client. Execution of such agreement authorizes the Adviser to supervise and direct the investment and reinvestment of assets in the client's account on the client's behalf and at the client's risk. We manage most of our clients' assets on a non-discretionary basis, although recently we began to manage certain portfolios with limited discretion. Under this discretionary authority, the client allows us to purchase and sell securities and instruments in his/her/its account(s). Any restrictions on our discretionary authority are set by the client on a case by case basis. Some clients prefer a more hands on involvement than others.

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

We do not have or accept authority to vote proxies. Clients may, however, contact us with questions about a particular solicitation at 504-569-9600 or [schristina@equitas-capital.com](mailto:schristina@equitas-capital.com).

Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative who is responsible for voting the proxy.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

## **Item 18. Financial Information**

The SEC requires the disclosure of certain information in this section:

We do require advisory fees to be paid in advance. However, we do not require the prepayment of fees more than six months in advance from any client.

We do have discretionary authority over some client funds or securities, but 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 at any time in the past.

## **Item 19. Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

# **Form ADV Part 2A Appendix 1: Wrap Fee Program Brochure**

## **Managed Account Program (MAP)**

**Date: March 29, 2016**

### **Equitas Capital Advisors**

**365 Canal Street  
Suite 3050  
New Orleans, LA 70130**

**Telephone: 504-569-9600  
Facsimile: 504-569-9650**

**Website: <http://www.equitas-capital.com/>  
Email: [dthomas@equitas-capital.com](mailto:dthomas@equitas-capital.com)**

This wrap fee program brochure ("Brochure") provides information about the qualifications and business practices of Equitas Capital Advisors, LLC, a registered investment adviser with respect to its managed account wrap-fee program ("MAP"). The term "registered" refers to our legal status and does not imply a particular level of skill or training. If you have any questions about the contents of this brochure, please contact us at (504) 569-9600 or [schrisitina@equitas-capital.com](mailto:schrisitina@equitas-capital.com) to obtain answers and additional information. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Equitas Capital Advisors, LLC is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## Item 2 Summary of Material Changes

Form ADV Part 2 Appendix 1 requires registered investment advisers to amend this Brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

The following is a summary of the changes made to this brochure since the last dated March 16, 2015.

In Item 9, under the heading "Disciplinary Events," we have new disclosures about material disciplinary events affecting the Advisor. In particular, on March 23, 2015, the Professional Review Board of the Investment Management Consultants Association ("IMCA"), a non-profit credentialing organization and membership association for advanced investment and wealth management professionals, issued a ruling based substantially on a prior consent judgment. In the ruling, which became final on September 24, 2015, IMCA found that the same conduct by David Thomas addressed in the SEC Order constituted a violation of IMCA rules and standards of practice, and IMCA suspended David Thomas from using the CIMA designation until August 31, 2016 and required David Thomas to attend ten additional hours of continuing education and 12 hours of instruction in personnel management or supervision. David Thomas remains an IMCA member in good standing.

In Item 9, under the heading, "Other Financial Industry Activities and Affiliations," all notations of the relationship to Purshe Kaplan Sterling are removed. Effective March 16, 2016, David Thomas (CEO) and Susan Christina voluntarily resigned as registered representatives of Purshe Kaplan Sterling.

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## Item 4 Services, Fees, and Compensation

**Services.** Equitas Capital Advisors, LLC ("Equitas", "the Advisor", the "firm", "we" or "us") is an independent New Orleans, Louisiana based investment advisory firm. We provide a broad variety of investment management consulting services to a wide range of clients on a continuous basis. The firm has been in business since September 2002. David S. Thomas, Jr. is the Chief Executive Officer and 100% owner of the firm.

The firm sponsors a managed account wrap program ("MAP"), through which we assist our clients in selecting independent portfolio managers to manage their assets. MAP provides clients with equity, balanced, and fixed income management from Portfolio Managers selected by clients with the assistance of one of the Advisor's investment management consultants ("Investment Consultants"). The Investment Consultant works closely with each MAP client to analyze and define the client's investment objectives and needs. Based on this analysis and evaluation, the Investment Consultant will recommend to the client one or more investment strategies offered by independent Portfolio Managers. The platform of managers includes approximately 720 professionally-managed investment products. The portfolio manager(s) exercise discretionary authority over the client's funds in order to achieve the client's investment objectives, consistent with the investment strategy chosen by the client.

The Portfolio Managers participating in MAP may offer multiple different investment strategies. Not all strategies available under MAP may be suitable for a client. The client will make its own selection of strategies and Portfolio Managers from among those presented by the Investment Consultant.

Portfolio Managers may be selected from the following investment styles:

- Equity: Growth, Core, Value, Large-Cap, Mid-Cap, Small-Cap, Income, International, Global, Sector Rotator, REITs
- Balanced: Equity Oriented, Fixed Income-Oriented
- Fixed Income: Total Return, Intermediate-Term, Convertibles, High Yield

A client will enter into a Program Agreement with Equitas Capital Advisors, under which the client will authorize the Portfolio Manager to provide investment management services for the client. Equitas Capital Advisors, through its affiliation with Pershing, LLC, will maintain a master agreement with the Portfolio Manager regarding these services. In order to receive the investment management services, clients will also open a brokerage account ("MAP Account") with Pershing Advisor Solutions ("PAS"), a broker-dealer affiliate of Pershing, LLC. The client grants the Portfolio Manager discretionary trading authority over MAP Account. Under MAP, neither the Investment Consultant nor PAS exercises any discretion in the client's MAP Account. On behalf of the client, the Portfolio Manager will direct PAS and/or its clearing broker dealer, to make securities transactions for MAP Account. Unless otherwise communicated to the client, execution and clearance of transactions will be provided by Pershing, LLC a division of the Bank of New York ("Pershing"). Pershing will also be the custodian of all the client's securities and cash in MAP Account.

For services rendered under MAP, the client pays a quarterly wrap fee based on the value of the client's MAP Account. The fee covers the following management and administrative services and costs for MAP Account:

- The Investment Consultant's initial analysis of the client's investment objectives and needs, with periodic re-evaluations.
- Investment advisory and portfolio management services by the Portfolio Manager.

- Quarterly performance evaluations of MAP Account ("Portfolio Evaluation Reports") and quarterly statements.
- Transaction fees (e.g. brokerage commissions) for securities transactions effected through PAS and/or its clearing firm.
- MAP Account custody services.

On a quarterly basis, Equitas Capital Advisors will provide the client with a Portfolio Evaluation Report, which compares the performance of MAP Account to various market indices. Performance information will be calculated in accordance with standards set by AIMR and/or the Consultants Performance Standards. The Advisor will generate these reports on a uniform and consistent basis.

The Advisor will also arrange for the client to receive the following reports on relevant activity in MAP Account: (i) trade confirmations reflecting all transactions effected with or through PAS (other than money market fund transactions), and (ii) monthly statements itemizing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month and listing securities in custody held in MAP Account, or quarterly statements listing securities in custody held in MAP Account where there is no monthly activity. The pricing information used in preparing these reports is based upon the fact that any fixed income purchase and sale transactions for a client's account will be aggregated whenever possible with such transactions of other Portfolio Manager clients. There can be no assurance that such prices will be attained in instances when orders are not aggregated.

**Fees and Compensation.** Clients pay an annual asset-based account fee ("Wrap Fee") for MAP. The Wrap Fee is an all-inclusive fee that is both for investment advice and trading costs and commissions. Neither the Advisor nor its representatives are compensated for individual transactions in a MAP Account. The Program fee covers (1) the initial analysis of the client's investment objectives and needs, with periodic re-evaluations; (2) the Investment Consultant's evaluations and recommendations of Portfolio Managers; (3) portfolio management services rendered by the selected Portfolio Manager; (4) custodial services and execution provided through PAS or Pershing; and (5) Portfolio Evaluation Reports and other transactional reporting.

The Program Fee does not cover:

- any national securities exchange fees (as applicable);
- wire transfer fees;
- termination fees for qualified retirement plans and individual retirement plans; and, other fees required by law.

Program fees are calculated as a percentage of MAP Account value. Fees are payable in advance on a quarterly basis and calculated on PAS's appraisal of the market value of the assets in MAP Account as of the last business day of the preceding calendar quarter. Adjustments may be made for additions to or withdrawals from MAP Account in any calendar quarter. Fees are assessed on all assets under management, including securities, cash and money market balances. The standard Program fee schedule, which is negotiable, is based on account size and asset type.

The Program Agreement provides that either party may terminate MAP Agreement at will upon written notice to the other party. If the Agreement is terminated prior to the last day of the calendar quarter, then a pro rata portion of the fees paid by the client, based upon the days remaining in the quarter, will be refunded to the client. Equitas or Pershing may terminate the participation of any Portfolio Manager or any investment strategy in MAP at any time and in any manner. In the event of any such termination, Equitas will give the client reasonable advance notice of the termination and the opportunity to select a new Portfolio Manager or strategy from investment strategies presented to the client by the Investment Consultant. If a client fails to select a new strategy after receiving such notice,



MAP Account will be converted to a traditional brokerage account at PAS, which is not managed by the Portfolio Manager who managed the terminated strategy; in such an event, the client will be solely responsible for managing the account. Alternatively, a client may elect to continue to engage the previously designated Portfolio Manager to manage the assets outside of MAP. In the event that the client terminates participation in MAP within twelve (12) months of inception, closing charges not to exceed \$2,000 may be assessed to cover set up cost.

The current standard MAP Program fee schedule is as follows:

**MAP PROGRAM FEE SCHEDULE**  
**All-Inclusive ("Wrap") PRICING\***

<b>Asset Size</b> <i>(\$ in thousands)</i>	<b>\$100- \$500</b>	<b>\$500- \$1,000</b>	<b>\$1,000- \$2,500</b>	<b>\$2,500- \$5,000</b>	<b>Over \$5,000</b>
<b>Equity &amp; Balanced</b>	<b>3.00%</b>	<b>2.50%</b>	<b>2.00%</b>	<b>1.75%</b>	<b>1.50%</b>
<b>Fixed Income</b>	<b>2.00%</b>	<b>1.50%</b>	<b>1.25%</b>	<b>1.00%</b>	<b>0.85%</b>

*\*Note: Fees are subject to negotiation.*

Mark-ups, mark-downs and spreads (paid to market makers) charged by dealers may be included in the price of certain transactions executed on behalf of a client, including over-the-counter and fixed income securities. However, with respect to those transactions no additional mark-ups, mark-downs, spreads or commissions will be borne by the client. The client will pay the public offering price on securities purchased from an underwriter or dealer involved in a distribution, a portion of which may be paid to PAS.

A portion of the fee paid by the client under MAP will be received by Pershing or its affiliates. Pershing pays a Portfolio Manager participating in MAP between twenty-five and fifty basis points of the assets of the client managed by the Portfolio Manager for investment management services rendered to the client. The Advisor also receives a portion of the wrap fees for the placement of investors in MAP, however any fees we receive through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from MAP. *As a result, the Advisor may have a financial incentive to recommend MAP over other programs or services.*

**Comparison of Costs.** Depending upon the size of MAP Account, changes in the value of MAP Account over time, the client's ability to negotiate fees, the number of transactions in MAP Account and other factors, the amount of fees paid by the client under MAP may or may not exceed the aggregate cost of services if provided separately to the client. When making cost comparisons, the client should be aware that the combination of investment advisory, custodial and brokerage services available through MAP may not be available separately or may require multiple accounts, documentation and fees.

Clients who have a MAP Account may also have other accounts with Equitas Capital Advisors in which advisory fees are not charged. The commissions charged to the client for transactions in those non-advisory accounts are unrelated to MAP.

**Investments in Money Market Funds or Mutual Funds or REITS.** The Portfolio Manager may maintain positions in a MAP Account invested on a daily or periodic basis (as applicable) in a money

market fund. Additionally, under certain circumstances, assets in a MAP Account may be invested in an open-ended investment company (mutual fund) or a real estate investment trust (REIT). Investors in money market funds or mutual funds or a REIT indirectly bear a proportionate amount of the fees and expenses borne by the fund or REIT, including investment advisory, management, administrative, custodial and other fees and expenses. These fees and expenses are in addition to fees paid under MAP.

## **Item 5 Account Requirements and Types of Clients**

Equitas Capital Advisors' services, including those provided under the wrap fee program described herein, are available to any current or prospective clients, including, but not limited to, individuals, banks and thrift institutions, pension and profit sharing plans, trusts, estates, endowments, foundations and other charitable organizations, businesses, or governmental entities.

Clients are required to place a minimum of \$100,000 in any single investment strategy.

MAP is not recommended for a client that wishes to impose any specific restrictions on the management of MAP Account, including restrictions regarding the ownership of particular securities. This would require a Portfolio Manager to deviate from investment decisions it would otherwise make in managing assets. The client's MAP Account will be managed in a manner very similar to that of other clients with similar investment objectives and risk tolerances that use the same strategy.

## **Item 6 Portfolio Manager Selection and Evaluation**

The Investment Consultant selects Portfolio Managers and investment strategies for inclusion in MAP based upon the ability of the Portfolio Manager to meet certain guidelines and several other evaluation factors. The guidelines are:

- a minimum of \$250 million in total assets under management;
- at least two full-time portfolio analysts with adequate staff support;
- a consistent and verifiable five-year performance record which meets industry standards;
- no material legal or regulatory problems; and
- appropriate regulatory registration.

Other factors considered in evaluating Portfolio Managers and their investment strategies are:

- organization and ownership – investment team stability,
- motivation, and incentive;
- business structure;
- investment process – the quality of research and judgment,
- trading management and skill;
- personnel – investment team talent, experience and quality;
- performance;
- client services and marketing;
- operations, trading and facilities;
- legal and regulatory – compliance and ethics; and,
- investment management fees.

On an ongoing basis, Equitas evaluates Portfolio Managers and their investment strategies to determine whether they continue to meet these guidelines.

Ongoing reviews may consist of on-site visits to each Portfolio Manager participating in MAP, annual presentations by each Portfolio Manager and monitoring for events which may affect the overall quality of service to clients. If any relevant information, including qualifications and/or performance concerns, is detected at any time, Equitas may put the Portfolio Manager or one or more of its strategies on review status (wherein concerns will be further reviewed and must be addressed), restrict the investment strategies from being presented to new clients, or remove the strategies from MAP. The level of restriction will depend upon the severity of the concerns and the ability of the Portfolio Manager to satisfactorily address such concerns. Equitas makes no representation regarding the future performance of any strategy of, or security recommended by, any Portfolio Manager participating in MAP.

The Portfolio Manager selected by the client may provide to the client additional information about the main sources of information used by the Portfolio Manager in managing the client's MAP Account.

## **Item 7 Client Information Provided to Portfolio Managers**

Equitas Capital Advisors requires each new client to complete an investor profile questionnaire ("Investor Profile"), which is intended to measure the client's investment objectives, time horizons and risk parameters. Additionally, the Investment Consultant will individually consult with the client regarding the client's investment goals. In recommending a Portfolio Manager and an investment strategy for the client, the Investment Consultant considers the information contained in the Investor Profile, the client's stated investment objectives, the risk tolerance of the client, and other pertinent investment considerations. The client is responsible for promptly bringing to the Investment Consultant's attention any material change in the client's investment objectives or financial condition. The Investment Consultant will contact the client at least annually to confirm the investment goals of the client.

A Portfolio Manager selected by the client will receive from Equitas and PAS information from the Investor Profile and the client's investment policy statement. A Portfolio Manager selected by the client will also receive transaction confirmations, monthly statements (when there is account activity), have access to performance information and have online access to client account information. Equitas will provide relevant updated client information to the Portfolio Manager after receipt of such information from the client.

## **Item 8 Client Contact with Portfolio Managers**

There are no restrictions placed on a client's ability to contact and consult with his/her/its portfolio managers.

## **Item 9 Additional Information**

The SEC requires disclosure of certain other information provided below.

### **Disciplinary Information.**

On October 23, 2013, the Advisor, along with David Thomas and Sue Christina ("Respondents"), entered into a settled administrative proceeding with the Securities and Exchange Commission (the "SEC") related to alleged violations of Section 203(e), 203(f), 203(k) of the Investment Advisers Act and Section 15(b)(6) of the Securities Exchange Act of 1934 (the "Order"). As part of the settlement, the Respondents neither admitted nor denied the findings in the Order issued by the SEC. The SEC's findings are based on inadvertent mistakes or negligence. At no point did the SEC find that any of us intended to mislead or deceive anyone.

Without admitting or denying the findings, Respondents consented to the entry of the Order summarized as follows:

The Order alleges that, in certain instances, the Advisor inadvertently overbilled certain clients, negligently provided inadequate disclosures to clients regarding historical performance, compensation, conflicts of interest, and prior exam deficiencies; failed to conduct adequate annual compliance reviews, and to maintain adequate policies and procedures. The Order also alleges that David Thomas aided and abetted and caused the above referenced violations and Sue Christina aided and abetted and caused the compliance related violations and were ordered to cease and desist from same. As part of the settlement, but without admitting or denying the SEC's findings, the Advisor agreed to correct these deficiencies – caused in substantial part by our former COO – and to revise our policies, procedures, and systems to reduce the likelihood of future mistakes. Our new process is working seamlessly and no further billing errors have occurred.

The Advisor and David Thomas was ordered to cease and desist from committing or causing any future violations of the above rules, and the Advisor agreed to pay a o pay a civil penalty in the amount of \$100,000 and \$35,000, respectively. The Advisor was also ordered to and agreed to hire an independent consultant to conduct three annual reviews of the firm's policies and procedures.

As a result of the Order, on March 23, 2015, the Professional Review Board of the Investment Management Consultants Association ("IMCA"), a non-profit credentialing organization and membership association for advanced investment and wealth management professionals, issued a ruling based substantially on the Order. In the ruling, which became final on September 24, 2015, IMCA found that the same conduct by David Thomas addressed in the SEC Order constituted a violation of IMCA rules and standards of practice, and IMCA suspended David Thomas from using the CIMA designation until August 31, 2016 and required David Thomas to attend ten additional hours of continuing education and 12 hours of instruction in personnel management or supervision. David Thomas remains an IMCA member in good standing.

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

##### *Equitas Partners, LLC*

We serve as investment adviser to a fund doing business as Equitas Evergreen Fund, LP (the "Fund"). We receive an asset based fee for managing the Fund and Equitas Partners, LLC ("EP"), an affiliate of our firm, receives a performance based fee, as the general partner to the Fund. The Fund is a diversified fund of hedge funds comprising more than twenty-five individual hedge funds with differing investment strategies and risk characteristics. The Fund does not participate in MAP. The Advisor and EP are commonly owned by David Thomas, Jr., and David serves as the Chief Executive Officer of both entities. Susan Christina serves as Chief Compliance Officer and Director of Administration for both entities as well.

##### Performance Based Fees/Side-by-Side Management

We manage the Fund which charges performance-based fees while at the same time providing advice to accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management may create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees may create an incentive for our firm to make Fund investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews the Fund's investments for suitability and to ensure the investments are consistent with the Fund's investment

objectives.

Performance based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor allocations of investments to the Fund as a result of the performance based fee. For example, we may have an incentive to allocate limited investment opportunities to the Fund over clients who are charged asset based fees only. We generally do not recommend the same investments to individual clients as those we purchase for the Fund however to the extent we did engage in such practice, to address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

*Pershing Advisor Solutions, LLC*

Pershing Advisor Solutions, LLC ("PAS") is a registered broker-dealer that regularly provides brokerage services for the Advisor's clients. PAS provides insured custodial services through Pershing LLC, a division of the Bank of New York Mellon. All client accounts that participate in MAP must establish and maintain an account at PAS. The Advisor and PAS are separately owned and operated.

**Code of Ethics, Participation/Interest in Client Transactions, Personal Trading.** We have a Code of Ethics that all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to clients. Our Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

A copy of the Code of Ethics is available to any client or prospective client upon request. Our clients may request a copy of the firm's Code of Ethics by contacting Susan Christina at 504-569-9600 or [schristina@equitas-capital.com](mailto:schristina@equitas-capital.com).

As provided above, all clients who participate in MAP establish and maintain an account at PAS, and pay PAS a single "wrap fee" that covers all transaction, clearing and settlement, and custody expenses. MAP provides a cost effective alternative to paying separately for money management services, trading costs, brokerage fees, investment counseling, and ongoing account administration. The Advisor receives a portion of the wrap fees from PAS for the placement of investors in the MAP program, however any fees we receive through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from MAP.

This practice could present a conflict of interest because it could give the Advisor an incentive to recommend MAP based on the compensation received, rather than on a client's needs. We are conscious of and sensitive to this potential conflict, however, and of the duty of loyalty that we, as a fiduciary, owe our investment advisory clients. This includes the duty to address and to disclose conflicts of interest that may exist between the firm and clients. This potential conflict of interest is disclosed to clients and potential clients in our Part 2A Brochure and in this Wrap Fee Brochure. Finally, clients have the option to purchase investment products that the Advisor recommends through other brokers or agents that are not affiliated with the Advisor.



The Portfolio Manager will separately provide to clients a statement regarding any potential conflicts for the Portfolio Manager with respect to the client. PAS believes that the Portfolio Manager or its associated persons may enter securities transactions which may be either consistent with or at variance with securities transactions in a client's MAP Account. However, PAS believes that the Portfolio Manager will not give preference to its own orders over client transactions or positions. When required by applicable law or exchange rules, the Portfolio Manager will obtain the consent of affected clients in advance of any transactions; the statements and/or confirmations of such transactions will contain the disclosures required by applicable law and exchange rules.

Equitas, PAS and/or Pershing and its representatives may give advice and take action in the performance of their duties to clients which differs from advice given, or timing and nature of action taken, with respect to other clients' accounts. Personal trading by Equitas, PAS and Pershing employees must be conducted in compliance with all applicable laws and procedures. Such procedures include an express prohibition against front running client accounts, black-out periods and restricted lists to prevent investment personnel from unfairly benefiting from unreleased research reports and recommendations between Equitas, PAS, and/or Pershing.

**Client Referrals and Other Compensation.** In certain situations, the Advisor may receive income for placing investors in MAP, as described above. This arrangement, the conflict of interest it may present, and how we deal with such conflicts are described above.

We have no arrangements, written or oral, in which we compensate any third-parties for referrals of clients.

**Review of Accounts.** We require each client who participates in MAP to complete an investor profile questionnaire that measures the client's individual objectives, time horizons and risk parameters. Additionally, representatives of our firm consult with the client to better understand the client's investment goals and needs. We review client accounts to ensure their continued suitability with respect to the client's financial goals and objectives, time horizons, and risk parameters. The frequency of account reviews is determined based on the client's investment objectives. We generally review MAP accounts quarterly, but in any event, no less than annually. More frequent reviews may be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large sales or purchases, loss of confidence in corporate management, or changes in the economic climate. Reviews are first conducted by an Analyst, then by an Investment Management Consultant, and finally by the Chief Compliance Officer. We regularly contact and consult with clients regarding their investment accounts. Clients are responsible for promptly bringing any material change in investment objectives or financial condition to our attention.

We provide MAP clients with a quarterly portfolio evaluation report. The report details the account's performance in terms of time-weighted rate of return and compares it to that of selected benchmarks. We ordinarily select the benchmarks on the basis of the client's investment objectives, money manager, and the manager's management style. The performance figures reflected in the quarterly portfolio evaluation reports are calculated using software maintained by Greenhill, based upon account data submitted by the clearing broker-dealer firm providing custodial services for the accounts.

We also arrange for clients to receive (1) trade confirmations reflecting all transactions effected on the client's behalf, and (2) monthly statements reflecting all cash and securities transactions, deposits, withdrawals of principal and income, and all securities held in the account. Where there is no monthly activity, clients receive quarterly statements listing all securities held in the account.

**Financial Information.** The SEC requires the disclosure of certain information in this section:

We do require advisory fees to be paid in advance. However, we do not require the prepayment of fees more than six months in advance from any client.

We do have discretionary authority over some client funds or securities, but 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 at any time in the past.

### **Item 10 Requirements for State-Registered Advisers**

This section is not applicable to our firm because we are an SEC registered investment adviser.