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**FORM ADV BROCHURE**  
**March 30, 2017**

**This brochure provides information about the qualifications and business practices of Imperial Capital Asset Management, LLC (“ICAM”). If you have any questions about the content of this brochure, please contact us at (310) 246-3700 or at mmartis@imperialcapital.com. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about ICAM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**ICAM refers to itself as a “registered investment adviser” in materials distributed to current and prospective clients. As a registered investment adviser with the SEC, ICAM is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser is not an indication that ICAM or its directors, officers, employees or representatives have attained a particular level of skill or ability.**

**MATERIAL CHANGES TO ADV BROCHURE SINCE LAST ANNUAL AMENDMENT**

**Since the last update to ICAM’s brochure as filed with the SEC on March 31, 2016 there have been no material changes to the information provided in this brochure. In the future, when ICAM amends its brochure for its annual update and the amended version contains any material changes from the last update filed with the SEC, ICAM will identify and describe those changes either on this page or in a separate document accompanying this brochure. For documentation purposes, ICAM will provide the date of the last update in this summary.**

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## **ITEM 4: ADVISORY BUSINESS**

### **A. Advisory Firm**

ICAM is a Delaware limited liability company that commenced operation in December 1997, and is owned and controlled by ICAMH. ICAMH is indirectly owned and controlled by Jason W. Reese and Randall E. Wooster through ICGH.

### **B. Specialization**

While ICAM generally provides investment advice on a wide variety of U.S. and foreign investment products, including publicly traded and privately placed stocks, bonds (including corporate and government bonds), notes (whether redeemable in the short, medium or long-term), options, warrants, rights, private claims, high-yield securities, distressed securities, bank debt, credit default swaps, equity and debt derivatives, company obligations, non-U.S. currencies, and other securities and instruments, ICAM does not hold itself out as specializing in any particular type of investment advisory service.

### **C. Advisory Services**

ICAM serves as managing member and investment manager to Long Ball Partners, LLC (“Long Ball”), a private investment fund. ICAM may decide in the future to sponsor or manage additional private investment funds **(together with Long Ball, the “Funds” and each individually, a “Fund”)**.

ICAM intends to manage the Funds pursuant to the investment strategy or purpose described in the confidential offering memorandum and/or operating agreement of the Fund (together, the “Fund Documents”). Under the Fund Documents or the investment management agreement with a Fund, ICAM generally has wide latitude to act upon any investment or to change any investment strategy to achieve the investment objective or purpose of the Fund without obtaining the consent of Fund investors. Prior to investing in a Fund, prospective investors should carefully read the Fund Documents for the Fund and consult with their own counsel and advisers as to all matters concerning an investment in the Fund.

ICAM also manages an individually managed account established as a limited partnership (the “Account”). The Account is managed pursuant to a limited partnership agreement (the “Account Agreement”) between ICAM, which serves as the general partner, and the Account client, which is the sole limited partner of the limited partnership.

ICAM, through its employees, jointly prepares debt and equity research reports containing generic, impersonal investment advice pursuant to an intercompany agreement with IC. From time to time, ICAM may accept payments from clients of IC for the generic, impersonal investment advice contained in such debt and equity investment reports. In most cases, clients of IC who receive investment publications from the ICAM have no assets under management with the ICAM.

### **D. Wrap Fee Programs**

ICAM does not participate in wrap fee programs.

### **E. Assets Under Management (as of December 31, 2016)**

*Discretionary:* \$148,850,134

*Non-Discretionary:* \$0

## **ITEM 5: FEES AND COMPENSATION**

### *A. Types of Fees*

#### **Funds**

Under the Fund Documents for Long Ball, ICAM is entitled to receive an annual management fee from the Fund equal to approximately 1.50% (equal to .0125% on a monthly basis) of the capital account balance of each Fund investor. ICAM, in its discretion, may waive or reduce the management fees as to all or any of the investors in the Funds or agree with an investor to waive or alter the management fee as to that investor.

ICAM also receives from each Fund an annual performance-based allocation in arrears equal to a percentage of the net capital appreciation (i.e., capital appreciation less capital depreciation) of each investor's account in the Fund. The performance-based allocation is made only if, and to the extent that, the net capital appreciation of the investor's account exceeds any net capital depreciation accumulated in prior years (as adjusted for withdrawals of capital). ICAM, in its discretion, may waive or reduce the performance-based allocation as to all or any of the investors in the Fund.

#### **Account**

Fees paid to ICAM by the Account client were negotiated in an arm's length transaction and are set forth in the Account Agreement. Under the Account Agreement, ICAM receives a 20% carried interest distribution upon the disposition of any portfolio investment of the Account or receipt by the Account of other investment-related proceeds subject to the achievement of a threshold return to the Account client.

#### **Equity & Debt Research Reports**

On occasion, certain clients of IC may make payments to ICAM for the generic, impersonal investment advice contained in such debt and equity investment reports. Fees paid to ICAM by IC clients are negotiable and vary. A portion of the fees received by ICAM may be paid over to IC to offset the cost associated with providing the debt and equity investment reports.

### *B. Payment Method*

#### **Funds**

The management fee is paid by the Fund monthly in arrears by deduction from each investor's capital account in the Fund on the last business day of each calendar month. If an investor withdraws all or a portion of its account in the Fund on a date other than the end of a calendar month, a prorated management fee will be deducted from the amount withdrawn for the period from the preceding month-end to the date of withdrawal.

The performance-based allocation from each Fund is made to ICAM by deduction from each investor's capital account in the Fund on December 31 (or the closest business day prior to December 31) for the 12-month performance period ending on the prior calendar year for each year in which performance-based allocation is earned. If an investor withdraws all or a portion of its account in a Fund on a date other than December 31, the performance-based allocation will be made on the amount withdrawn for the period from the January 1 in the year of the withdrawal to the date of withdrawal.

## **Account**

Any carried interest distribution from the Account attributable to a disposition of a portfolio investment of the Account generally is paid out as a distribution of the net cash proceeds promptly after such disposition. Any carried interest distribution from the Account attributable to the receipt of other investment-related proceeds generally is paid out as a distribution of the net cash proceeds on a quarterly basis.

### *C. Costs and Expenses*

## **Funds**

Each Fund bears all expenses of its respective organization and operation, expenses incurred in the purchase and sale of investments, and accounting fees, as determined by ICAM. Such expenses include but are not limited to: (i) investment-related expenses, including brokerage and execution charges, commissions, custodial charges, and fees for quotation and other data services; (ii) fees related to accounting, trading, portfolio management and risk management systems; (iii) research subscriptions and expenses; (iv) broken trade and broken deal fees; (v) expenses relating to marketing the Fund to prospective investors (including travel and software costs); (vi) expenses to register securities and transfer taxes; (vii) costs and expenses incurred for the purpose of protecting and enhancing the value of the Fund's investments (including the costs of instituting and defending litigation); (viii) taxes, filing and registration fees of the Fund; (ix) all costs, fees and expenses relating to investor communications, relations, accounting and the preparation and mailing of financial, tax and performance information to investors; (x) fees, costs and expenses incurred in connection with borrowings; (xi) administration fees, costs and expenses; and (xii) fees for attorneys, accountants, consultants and other professionals or experts. Fund investors may also indirectly bear a portion of any fees or expenses charged by investment funds (including mutual funds or other hedge funds) in which Long Ball invests or other investment managers to which ICAM allocates a portion of a Fund's assets. ICAM may, at its discretion, choose to pay or reimburse Long Ball for all or any portion of such expenses. In such event, ICAM may be reimbursed at a later date by the Fund for such expenses borne by ICAM. For additional information regarding brokerage and execution fees, see Item 12 below.

## **Account**

Pursuant to the Account Agreement, ICAM shall pay all ordinary operating expenses of the Account, except to the extent that the aggregate Account expenses exceed an expense limitation in any calendar year and are approved by the limited partner. Excess expenses approved by the limited partner shall be borne and paid by the Account. The Account also was responsible for certain organizational expenses.

### *D. Refunds*

Not applicable.

### *E. Sales Compensation*

ICAM will not receive sales commissions in connection with sales of interests in Long Ball or the Account.

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

ICAM receives performance-based compensation from the Funds and the Account. Compensation based on performance will only be charged in accordance with the provisions of Rule 205-3 under the Advisers Act. Performance-based compensation may create an incentive for ICAM to cause the Funds or the Account to make investments that are riskier than it would otherwise make. In addition, ICAM's performance-based allocation from each Fund is calculated on a basis which includes unrealized appreciation of the assets held by the Fund, which may be greater than if such allocation were based solely on realized gains.

In the event that some clients to which ICAM provides investment advisory services are charged a performance-based compensation but not others, a conflict may arise where ICAM has an incentive to treat some clients preferentially as compared to others because those clients pay a performance-based compensation or because ICAM or one of its portfolio managers or affiliates has an interest in the client account. ICAM has adopted a policy to allocate portfolio transactions and investment opportunities across multiple client accounts on a fair and equitable basis over time. All eligible clients that can participate in a transaction share the same price on a pro rata allocation basis in an attempt to mitigate any conflicts of interest. Investment opportunities are allocated among similarly managed client portfolios to maintain consistency of portfolio strategy, taking into account cash availability, investment restrictions and guidelines, and portfolio composition.

Since management fees and performance-based compensation received by ICAM are based on the net asset value of each Fund or the Account, a conflict may also arise when ICAM or a related person is valuing the assets held by the Funds or in an Account. Assets will generally be valued at fair value by ICAM or its related person in accordance with U.S. generally accepted accounting practices.

## **ITEM 7: TYPES OF CLIENTS**

As described in Item 4 above, ICAM organized and serves as investment manager to Long Ball and the Account. ICAM generally requires investors to make a minimum initial investment in Long Ball of at least \$1,000,000, however ICAM may, in its sole discretion, waive the minimum subscription requirement for any investor. Investors in each Fund generally must be "accredited investors" under Regulation D who are eligible to enter into a performance-based compensation arrangement under the Advisers Act. ICAM generally requires Fund investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment in the Fund. The Account client is a sophisticated institutional investor who is eligible to enter into a performance-based compensation arrangement under the Advisers Act.

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

### **Funds**

#### *A. Methods of Analysis and Investment Strategies*

##### Investment Analysis

Investments for the Funds are identified and selected by the ICAM. ICAM's research team evaluates investments based on an intensive due diligence process and critical analysis of each potential portfolio company's fundamentals (e.g., financial statements, management capability, profitability, cash flow, lines of business and market share) and may determine intrinsic value based on corporate assets, revenues,

earnings and other factors. Following an investment by a Fund, ICAM will continue to monitor the progress and suitability of portfolio investments as well as market and economic outlook.

To help develop its investment recommendations, ICAM's research team may use commercially available information services and financial publications dealing with investment research, securities law and taxation. Such information may be obtainable in print, via the internet or by some other means. Issuer-prepared materials (particularly prospectuses), court filings and bankruptcy documentation, private placement due diligence materials, and research releases prepared by third parties are also utilized. ICAM also may use research materials prepared by various investment product vendors or custodians as well as in-house analysts. ICAM may also obtain information by meeting with an issuer's management, customers or competitors, attending industry conferences and consulting with experts in the appropriate field.

Investments by the Funds may also include assets in other privately offered investment funds (hedge funds) or comingled investment vehicles ("Portfolio Funds"). As the private fund market is complex and fragmented, making the selection of Portfolio Funds is expected to be a time consuming process requiring in-depth industry expertise and contacts. ICAM makes a qualitative evaluation of potential Portfolio Funds and their strategies, seeking to identify funds that have experience in their area of expertise; clear, well developed, and adhered to strategies; reasonable rates of growth; and excellent references. ICAM seeks to develop a working relationship with each Portfolio Fund to ensure timely and accurate reporting, accurate and verifiable mark-to-market values, adequate transparency, a free flow of information and acceptable documentation.

***Investment in securities involves risk of loss that investors in a Fund must be prepared to bear.***

#### Investment Strategies – Long Ball

Long Ball's investment objective is to provide superior and consistent risk adjusted returns to its investors. ICAM intends to construct Long Ball's portfolio to optimize the risk/reward characteristics that best suit the interests of Long Ball's members and will not restrict its approach to any formal investment style criteria. However, in general, ICAM will have an opportunistic value approach to investing, with a focus on catalysts for value creation or destruction. ICAM believes that favorable investment opportunities may be found in all capitalization ranges, asset classes, geographies and market or industry segments. ICAM believes that absolute value, and, selectively, relative value, combined with a favorable catalyst, provides the best long term means to provide capital appreciation and preservation. In effect, it views its opportunistic style as both an offensive and defensive strategy. There can be no assurance that Long Ball's investment objective will be achieved.

Long Ball may invest in all forms of stocks, bonds, notes, options, warrants, rights, private claims, high-yield securities, distressed securities, bank debt, credit default swaps, equity and debt derivatives, company obligations, non-U.S. currencies, futures, options on futures, and other securities and instruments of U.S. and non-U.S. issuers that are traded publicly and privately, including real estate investments, cash, and cash equivalents. Long Ball may also enter into lending transactions, including with affiliated entities. Long Ball will utilize short selling, hedging strategies, and may leverage its investments by buying securities on margin (*i.e.*, with credit supplied by broker-dealers through which securities are purchased). In severely poor market conditions which are typically present in secular bear markets, Long Ball may hold higher levels of short exposure, significant levels of cash or turn over the portfolio more frequently in an effort to minimize systematic market risk.

ICAM has broad discretion to use any securities trading or investment techniques, whether or not contemplated by the expected investment strategies and criteria described above. Depending on

conditions and trends in securities markets and the economy generally, ICAM may pursue any other objectives, or any other techniques that it considers appropriate and in the best interests of Long Ball. Many of the investment techniques and activities described above are high-risk activities that could result in substantial losses. Prospective investors should carefully read Long Ball's Fund Documents and consult with their own counsel and advisers as to all matters concerning an investment in the Fund.

#### *B. Investment Strategy Risks*

Acquiring interests in the Funds is intended for sophisticated investors who can accept a high degree of risk in their portfolio, do not need regular current income from their investment with ICAM and can accept a potential loss of their entire investment. Investment risks specific to the investment strategy of the Funds are described in the Fund Documents of each Fund. Such risks may include (but are not limited to):

- **Concentration.** The Funds may hold a relatively small number of securities. Losses incurred in such securities could have a disproportionate effect on each Fund's overall financial condition.
- **Portfolio Management.** The performance of the Funds depends on the skill of ICAM and its portfolio manager(s) in making appropriate investment decisions.
- **Leverage.** The use of leverage by buying securities on margin or use of certain derivatives is a speculative technique that involves special risk considerations. Interest costs on borrowings may fluctuate with changing market rates of interest and may partially offset or exceed the return earned on borrowed funds. Interest on borrowings will be an expense of each Fund and will affect the investment performance of the Funds. To the extent that either Fund is leveraged, the value of its assets will tend to increase more when its portfolio securities increase in value, and to decrease more when its portfolio securities decrease in value, than if its assets were not leveraged.
- **Short Selling.** Short sales that are not part of a hedging strategy are speculative and involve special risk considerations. Since a short seller in effect profits from a decline in the price of the securities sold short without the need to invest the full purchase price of the securities on the date of the short sale, returns will tend to increase more when the securities sold short decrease in value, and to decrease more when the securities sold short increase in value, than would otherwise be the case if the short seller had not engaged in such short sales. Short sales theoretically involve unlimited loss potential as the market price of securities sold short may continuously increase.
- **Portfolio Turnover.** Buying and selling securities generally involves some expense to the Funds, such as commissions and other transaction costs. Generally, the higher a Fund's portfolio turnover, the greater its brokerage costs and the greater the likelihood that it will realize taxable capital gains. Increased brokerage costs may adversely affect the performance of the Funds.
- **Highly Volatile Markets.** The prices of investments held by the Funds can be highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts in which ICAM may invest Fund assets are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.
- **Limited Liquidity.** Some of the securities in which the Funds invest may be relatively illiquid, either because they are thinly traded, because they are traded in the over-the-counter market or on



a regional exchange, or because they are subject to transfer restrictions. The Funds may not be able to promptly liquidate those investments if the need should arise, and their ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected.

- **Investments in Financially Distressed Companies.** Investing in assets or liabilities of companies that are, or appear to be, in financial distress or emerging from financial distress, including companies that have undergone or are undergoing major restructurings or bankruptcy reorganizations and companies that are likely to undergo such restructurings or reorganizations involves a high degree of risk. At times there is very limited liquidity in such securities and the Funds may incur substantial losses if they are required to sell such securities to fund withdrawals. Investments in securities of a company that becomes subject to a bankruptcy proceeding will be subject to applicable bankruptcy statutes. Realization of capital appreciation may depend on the successful implementation of reorganization plans and such an investment will also involve a high degree of “control risk.” Generally, the Funds will not be in a position to control the pace or outcome of the case. Discretionary bankruptcy classifications, limitations on trading in claims, litigation, delays and other unpredictable events may significantly reduce the value of the investment regardless of the ICAM’s accuracy as to the underlying value of the enterprise. In addition, the Funds may be exposed to potential liability as lenders. Litigating any such lawsuit would be costly and distract ICAM from its other duties to the Funds. ICAM may also from time to time serve on equity or creditors’ committees on behalf of the Funds either formally or informally. These efforts consume significant time and attention and can also restrict the Funds from trading securities or claims related to the insolvency. Serving on these committees also may cause ICAM to be deemed a fiduciary to either shareholders or creditors of the issuer and thus impose duties on ICAM that conflict with its duties to the Funds.
- **Hedging Strategies.** Special risks are associated with the use of options, futures contracts and swaps as hedging techniques, including fluctuations in the volatility of the underlying security, fluctuations in prevailing interest rate and a lack of correlation between price movements in the hedging vehicle and in the portfolio securities being hedged which may result in a loss on both the hedged securities and the hedging vehicle. In addition, a decision as to whether, when and how to use a particular hedging strategy involves the exercise of skill and judgment which are different from those needed to select portfolio securities, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior, currency fluctuations or interest rate trends. If ICAM is incorrect in its forecasts relating to a hedge, the Funds may be in a worse position than if they had not engaged in the hedging transaction. The potential loss incurred by the Funds in swaps, futures and writing options on futures is unlimited. There can be no assurance that a liquid market will exist at a time when the Funds seeks to close out an option position or futures or swap contract.
- **Risk of Private Debt Investments.** Private debt investments involve a high degree of financial risk. There can be no assurance that investments by the Funds will be profitable or that substantial losses will not occur. Debt instruments are subject to credit and interest rate risks. Credit risk refers to the likelihood that an obligor will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an obligor are the primary factors influencing credit risk. The Funds will depend primarily upon the creditworthiness of the borrowers as obligors for payment of principal and interest. While a borrower may not have credit issues at the time it receives a loan from the Funds, it is possible that extraordinary circumstances may arise which cause the borrower to suffer from a reduced ability to repay its interest and principal obligations or even default on interest and/or principal payments due to the Funds. If the Funds do not receive scheduled interest or principal payments on a loan, the Funds

may incur additional expenses in seeking to recover under such a loan. Credit risk may change over the life of an instrument.

- **Potential Conflicts of Interest.** Investments in the Funds are subject to potential and actual conflicts of interest (as described in this brochure). For information on how ICAM addresses conflicts of interest, see Item 11(A) below.

### *C. Portfolio Investment Risks*

ICAM generally provides investment advice on a wide variety of U.S. and foreign investment products, including publicly traded and privately placed securities, but does not invest in any particular type of investment product. Risks may include (but are not limited to):

- **Equity Securities.** By investing in stocks, ICAM may expose the Funds to a sudden decline in the share price or to an overall decline in the stock market. The value of investments held by the Funds will fluctuate daily and cyclically based on changes in the issuer's financial condition and prospects and on overall market and economic conditions.
- **Small-Cap Companies.** Investments in small-cap companies may involve greater risks than investments in larger, more established companies, such as limited product lines, distribution channels and financial and managerial resources. The securities of small-cap companies may have greater price volatility and less liquidity than the securities of larger capitalized companies, and may be more difficult to value.
- **Fixed Income Securities.** The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions of an issuer's creditworthiness. Generally, fixed income securities decrease in value if interest rates rise and increase in value if interest rates fall, with lower rated securities more volatile than higher rated securities. The duration of these securities affects risk as well, with longer term securities generally more volatile than shorter term securities.
- **High Yield Bonds and Non-Performing Debt.** Fixed income securities that are below investment grade or unrated involve greater risks of default and are more volatile than investment grade securities. High yield bonds involve a greater risk of price declines than investment grade securities due to actual or perceived changes in an issuer's creditworthiness. In addition, issuers of high yield bonds may be more susceptible than other issuers to economic downturns, which may result in a weakened capacity of the issuer to make principal or interest payments. High yield bonds are subject to a greater risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity.

The Funds may also invest in non-performing, "distressed" debt—high yield bonds issued by entities that have already indicated an inability to pay outstanding interest or principal. The value and liquidity of these instruments may be diminished by adverse publicity and investor perceptions. In addition, the ultimate recovery for holders of such bonds often depends upon the resolution of complex legal questions, determined in the context of a bankruptcy reorganization. These securities often are contractually or structurally subordinated in right of payment to prior claims of banks or other senior lenders, and will typically be unsecured.

- **Tax Liens.** There are unique risks related to acquisition of tax lien certificates. ICAM will have no control over the maturity of the certificates and may be forced to initiate foreclosure proceedings with respect to the property subject to a lien held by the Funds (a "subject property").

Environmental concerns, litigation, natural disasters, adverse changes in zoning laws and other regulatory obligations and restrictions with respect to the subject property may result in unexpected expenses, delays redemptions of the tax liens, and may cause a Fund's investment to decrease in value.

- Preferred Securities. Preferred securities offers a stated dividend rate payable from a corporation's earning, which may be cumulative or non-cumulative, participating, or auction rate. If interest rates rise, the fixed dividend on preferred securities may be less attractive, causing the prices to decline. Preferred securities may have mandatory sinking fund provisions and call/redemption provisions prior to maturity, a negative feature when interest rates decline. Preferred securities are generally subordinate to the rights associated with an issuer's debt securities in terms of priority to corporate income and liquidation payments, and therefore are subject to greater credit risk than more senior debt instruments. Preferred securities may be substantially less liquid than many other securities.
- Convertible Securities. Like other fixed income securities, the market value of a convertible debt security tends to vary inversely with the level of interest rates. A convertible security may be subject to redemption at the option of the issuer at a price established in the instrument governing the convertible security. If a convertible security held by a Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party.
- Foreign Securities. Foreign investments tend to be more volatile than U.S. securities, and are subject to risks that are not typically associated with U.S. securities. For example, such investments may be adversely affected by changes in currency rates and exchange control regulations, unfavorable political, social and economic developments and the possibility of seizure or nationalization of companies or imposition of withholding taxes on income. Moreover, less information may be publicly available concerning certain foreign issuers than is available concerning U.S. companies. Foreign markets tend to be more volatile than the U.S. market due to economic and political instability, social unrest and regulatory conditions in some countries.
- Exchange-Traded Funds ("ETFs"). The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (a) the risk that their prices may not correlate perfectly with changes in the underlying index, and (b) the risk of possible trading halts. An exchange-traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based. To the extent the Funds invest in leveraged ETFs, the value of a leveraged ETF will tend to increase more when its underlying index increases in value, and to decrease more when its underlying index decreases in value, than if the ETF was not leveraged.
- Derivatives. Derivatives involve the risks separate from the risks of the underlying instrument, including improper valuation and ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying instrument. Derivatives are also subject to other risks, such as the risk of an illiquid secondary market which may result in significant, rapid, and unpredictable changes in the prices for such derivatives, risks relating to the financial soundness and credit worthiness of the counterparty, and the risk of the failure of any of the exchanges on which a client account's positions trade or of their clearinghouses. The use of a derivative is speculative if ICAM is primarily seeking to enhance returns, rather than offset the risk of other positions. When ICAM invests Fund assets in derivatives for speculative

purposes, the Funds will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than the cost of the derivative.

- Trade Claims. Trade claims generally are unsecured and ownership is not evidenced by a certificate. The amount realized on a trade claim, if any, will generally depend upon its ultimate disposition in the bankruptcy reorganization. The secondary market for trade claims is thin, and as a result ICAM expects that these investments will be illiquid.
- Portfolio Funds. Various risks are associated with investing in Portfolio Funds, and the investment strategies and tactics that Portfolio Funds may use. Portfolio Funds may provide ICAM with very limited information with respect to its operations and performance, thereby severely limiting ICAM's ability to (i) verify any representation made by such fund, (ii) monitor any investment strategy being employed by such fund, or (iii) detect any misconduct or fraud engaged in by such fund. To the extent that ICAM invests the Funds' assets in a Portfolio Fund that restricts the ability of investors to effect withdrawals, ICAM may not be able to withdraw Fund assets invested in such fund promptly after it has made a decision to do so, which may result in a loss to the Funds. To the extent a Portfolio Fund is permitted to distribute securities in kind to investors making withdrawals, upon withdrawal of all or a portion of Fund assets invested in such fund, the Funds may receive securities that are illiquid or difficult to value.
- Swap Agreements. The Funds may enter into equity, debt, interest rate, index, currency rate, total return and other types of swap agreements. Depending on their structure, swap agreements may increase or decrease the Funds' exposure to long-term or short-term interest rates (in the United States or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates. In addition, if a counterparty's creditworthiness declines, the value of a swap agreement would be likely to decline, potentially resulting in losses.
- Loan Originations, Participations and Assignments. Loan originations, purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the borrower for payment of principal and interest. Purchasers of loan participations may also assume the credit risk associated with an interposed bank or other financial intermediary. Unless, under the terms of the loan or other indebtedness, the Funds have direct recourse against the borrower, they may have to rely on the agent bank or other financial intermediary to apply appropriate credit remedies against a borrower. Loans and other types of direct indebtedness may not be readily marketable and may be subject to restrictions on resale. Investments in loans through a direct assignment of the financial institution's interests with respect to the loan may involve additional risks to the Funds, including the costs and liabilities associated with owning and disposing of the collateral upon a loan's foreclosure, potential co-lender liability, and uncertain protection under securities laws against fraud and misrepresentation.

## **Account**

### *A. Methods of Analysis and Investment Strategies*

#### Investment Analysis

Investments for the Account are identified by ICAM and ICAM's affiliates, subject to minimum investment limitations and any investment guidelines and restrictions set forth in the Account Agreement. Investments must be approved by ICAM's portfolio manager for the Account as suitable for investment by the Account. In certain cases, investments not satisfying the conditions and limitations of the Account

Agreement may nevertheless become Account investments in the event the Account client authorizes them as an exceptional investment. Following an investment by the Account, ICAM will continue to monitor the progress and suitability of the portfolio investment.

To help develop its investment recommendations, ICAM may use commercially available information services and financial publications dealing with investment research, securities law and taxation. Such information may be obtainable in print, via the internet or by some other means. Issuer-prepared materials (particularly prospectuses), court filings and bankruptcy documentation, private placement due diligence materials, and research releases prepared by third parties are also utilized. ICAM also may use research materials prepared by various investment product vendors or custodians as well as in-house analysts. ICAM may also obtain information by meeting with an issuer's management, customers or competitors, attending industry conferences and consulting with experts in the appropriate field.

***Investment in securities involves risk of loss that the Account client must be prepared to bear.***

### Investment Strategies

The Account's investment objective is to generate significant returns for its partners, principally through long-term capital appreciation, by making, holding and disposing of privately negotiated equity and equity-related investments. ICAM is authorized to employ investment strategies and enter into any type of investment transaction that it deems appropriate for the Account in accordance with the investment guidelines and restrictions imposed on it by the Account Agreement.

#### *B. Investment Strategy Risks*

Investment risks specific to any investment strategy employed by ICAM in managing the Account may include (but are not limited to):

- Concentration. The Account may hold a relatively small number of securities. Losses incurred in such securities could have a disproportionate effect on the Account's overall financial condition.
- Portfolio Management. The performance of the Account depends on the skill of ICAM in making appropriate investment decisions.
- Limited Liquidity. Account investments generally will be relatively illiquid. The Account may not be able to promptly liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected.

#### *C. Portfolio Investment Risks*

The Account invests primarily in long-term equity and equity-related investments. Risks specific to this type of investment may include (but are not limited to):

- Equity Securities. By investing in stocks, ICAM may expose the Account to a sudden decline in the share price or to an overall decline in the stock market. The value of investments held in the Account will fluctuate daily and cyclically based on changes in the issuer's financial condition and prospects and on overall market and economic conditions.
- Small-Cap Companies. Investments in small-cap companies may involve greater risks than investments in larger, more established companies, such as limited product lines, distribution channels and financial and managerial resources. The securities of small-cap companies may

have greater price volatility and less liquidity than the securities of larger capitalized companies, and may be more difficult to value.

## **ITEM 9: DISCIPLINARY INFORMATION**

ICAM does not have any legal, financial or other disciplinary items to report.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

### **A. Registration as a Broker-Dealer or Registered Representative**

Jason W. Reese (CEO and Chairman of ICAM; Executive Committee Member of ICAMH), Randall E. Wooster (Executive Committee Member of ICAMH), Mark Martis (COO of ICAM), Phillip Ronald Harrington (CFO of ICAM), and Todd Wiench (General Counsel/CCO of ICAM) maintain registrations with Imperial Capital, LLC ("IC"), an affiliated securities broker-dealer registered with the SEC, FINRA and various states, and may conduct business on behalf of, or in their capacity as, representatives for IC.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person**

Neither ICAM nor its employees hold any of the above registrations.

### **C. Material Relationships with Affiliates**

#### *1. broker-dealer, municipal securities dealer, or government securities dealer or broker*

Both ICAM's parent company, ICAMH, and IC's parent company, ICG, are owned and controlled by ICGH and several ICG employees. Subject to the ICAM's obligation to seek best execution, ICAM expects to utilize the services of IC for substantially all of the Funds' portfolio transactions. Consequently, IC will share in a portion of the revenues normally and customarily generated by a broker-dealer from the securities transactions of the Fund.

IC may buy securities from and sell securities to the Funds in its capacity as a principal or agent, and act as a financial or M&A adviser, underwriter, placement agent or initial purchaser in securities transactions in which the Funds participate.

In executing trades for the Funds, IC may charge customary brokerage commissions or markups, fees and expenses in connection with the transaction. In all cases in which portfolio securities transactions are directed to IC (or to any other broker), ICAM will determine in good faith that the brokerage commissions or markups, fees and expenses charged in connection with such transactions are reasonable in relation to the value of the brokerage, research and other services provided by that broker, viewed in terms of either the specific transaction or ICAM's overall responsibilities to its clients. ICAM has no obligation to effect any particular volume of transactions through IC.

#### *2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)*

See Item 7 above. Investors in the Funds must understand that each Fund was formed as an investment product to be managed by ICAM, and that ICAM does not intend to cause any Fund to terminate its investment management relationship with ICAM absent ICAM's liquidation or

bankruptcy. However, ICAM has a fiduciary duty to act in the best interest of each Fund that it manages, and investors in each Fund have the right to withdraw from the Fund at any time subject to any notice requirement, lock-up period or other withdrawal limitations described in the Fund Documents. ICAM may from time to time enter into a side letter agreement with one or more investors in the Funds which may, among other terms, provide for (a) withdrawal rights that are more favorable than the rights granted to all other Fund investors, (b) a reduced management fee and/or performance-based compensation, or (c) greater or more frequent reporting with respect to the Fund.

In addition, neither ICAM nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Fund. ICAM and its related persons intend to devote as much time as they deem necessary for the conduct of each Fund's operation and portfolio management, and will allocate investment opportunities in accordance with ICAM's trade allocation policy described in Item 6 above.

3. *other investment adviser or financial planner*

Not applicable.

4. *futures commission merchant, commodity pool operator, or commodity trading adviser*

Not applicable.

5. *banking or thrift institution*

Not applicable.

6. *accountant or accounting firm*

Not applicable.

7. *lawyer or law firm*

Not applicable.

8. *insurance company or agency*

Not applicable.

9. *pension consultant*

Not applicable.

10. *real estate broker or dealer*

Not applicable.

11. *sponsor or syndicator of limited partnerships*

ICAM is the managing member of Long Ball and the general partner of the Account. For each other Fund that ICAM may manage from time to time, ICAM or an affiliate of ICAM will act as the managing member, general partner or management shareholder, as applicable. See response (2) above.

#### **D. Recommendation of Other Investment Advisers**

Not applicable.

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

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

In order to address conflicts of interest, ICAM has adopted a code of ethics (the “Code”) which is applicable to all of ICAM’s officers, manager, members, and employees (collectively, “Employees”). ICAM’s Code generally sets the standard of ethical and professional business conduct that ICAM requires of its Employees, requires Employees to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by Employees. Additionally, the Code sets forth ICAM’s policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that ICAM and each of its Employees owes to each advisory client. The Code is circulated at least annually to all Employees, and each Employee at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto. ICAM will provide a copy of the Code to any client or prospective client upon request.

#### **B. Participation or Interest in Client Transactions**

Subject to Adviser’s obligation to seek best execution, Adviser expects to execute a significant portion of client securities transactions through IC, an affiliated broker-dealer. See Item 10(C)(1).

To the extent that ICAM manages other client accounts, ICAM may solicit qualified clients to invest in a private fund or other investment vehicle sponsored or managed by ICAM (each, a “Related Fund”). Because of the relationship between ICAM and any Related Fund, ICAM could be considered to have recommended the investment as suitable for a client if such person should invest in the fund. ICAM will inform each client of its relationship with a Related Fund prior to the client’s investment, but does not intend to advise clients as to the appropriateness of the investment and will not receive any compensation for doing so or for selling interests in a Related Fund (except to the extent that ICAM receives management fees and/or performance-based compensation from all Fund investors). ICAM may, from time to time at its discretion, suggest that investors in the Funds invest in a co-investment vehicle sponsored by ICAM.

The Funds may participate in loan or other financing transactions with companies in which ICG or any of its affiliates holds equity or other participation interest (each, a “Related Company”). Negotiations between a Fund and a Related Company with respect to loan or financing terms will not constitute an arms’ length transaction. ICG or its affiliate, through its interest in both parties in a transaction, could have an incentive to provide favorable terms to the Related Company. There can be no assurance that a transaction will be made on terms at least as favorable as those that would have obtained in a transaction between third parties. Before entering into the transaction with a Related Company, ICAM will first determine in good faith that it is in the Fund’s best interest to enter into the transaction and that the terms of the loan are reasonable in relation to its value, viewed in terms of the specific transaction and in comparison to other loan transactions. The Funds or a Related Company may utilize another ICG affiliate to service the loan or provide other related services, which may result in a layering of fees. ICAM believes the fees paid to any ICG affiliate are within market range for such services, but may not be the lowest available.



ICAM may direct the Funds to invest a portion of their assets in a Related Fund. A Fund's investment in a Related Fund generally will result in a layering of fees and expenses. The investment strategies of a Related Fund may require substantial trading costs and, as a result, expenses may exceed those of other portfolio investments of the Funds. If a Related Fund is sponsored or managed by ICAM or any of its affiliates, any fees or expenses will benefit and be set by ICAM or its affiliate. ICAM will determine in good faith that such an investment is appropriate for the Funds, and that the fees and expenses charged to the Funds are reasonable in relation to the value of the investment and other private funds.

Under certain circumstances, IC may act as a broker for both a Fund and a third person on the other side of a trade, a so-called "agency cross transaction." In such a case, IC may receive commissions, fees and expenses from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction. All such transactions will be disclosed to the Fund in accordance with the Advisers Act, and ICAM will prepare annual statements summarizing such transactions and the commissions paid to IC, if any, for agency cross transactions. No agency cross transactions will be effected in which ICAM or IC has recommended the transaction to both the buyer and the seller unless ICAM provides prior written disclosure to the client and obtains client consent to such transaction in accordance with the Advisers Act.

Under certain circumstances, IC may effect securities transactions as principal with ICAM's clients. A Fund will only engage in principal transactions with IC to the extent permitted by applicable law and where ICAM believes such transactions are appropriate. ICAM represents that neither it nor IC will engage in any principal transactions unless ICAM sends each client who may be affected thereby with a written notice before the completion of such transaction, indicating the capacity in which ICAM or IC is acting. All such transactions will be disclosed to the Fund in accordance with the Advisers Act, and ICAM will prepare annual statements summarizing such transactions which includes all commissions or other remuneration received by IC, if any, for principal transactions.

To the extent that ICAM manages other client accounts, ICAM may seek to adjust or rebalance client accounts by effecting cross-trades between or among client accounts (i.e., causing one or more client accounts to sell securities to one or more other client accounts). All such cross-trades will be consistent with the investment objectives and policies of each client account involved in the trades, and will be effected at the current independent market price of the securities involved in the trades. Any client accounts involved in cross-trades will not pay any brokerage commissions or mark-ups in connection with the trades to the broker-dealer or ICAM, but will reimburse the applicable broker-dealer for any customary trading costs and/or transfer fees (i.e., aggregate ticket charges) that such broker-dealer incurs and that are assessed by any other broker-dealers through which it effects the trades.

### **C. Personal Trading**

ICAM believes that if investment goals are similar for clients and for Employees of ICAM, it is logical and even desirable that there be common ownership of some securities. At the same time, ICAM recognizes that there is a risk that Employees will compete with client accounts or otherwise engage in personal securities transactions at the expense of a client's interest. In order to maintain a high code of conduct, ICAM's Code requires that all such transactions be carried out in a way that does not endanger the interest of any client. The Code establishes certain black-out periods, pre-clearance procedures and a quarterly securities transaction reporting system that is designed to monitor transactions in Employees' personal accounts and prevent any conflicts that may arise between Employees' personal securities transactions and transactions for clients of ICAM. For purposes of the policy, an Employee's "personal account" generally includes any account (i) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (ii) for which the Employee is a trustee or executor, or (iii) which the Employee controls, including ICAM's client accounts which the Employee

controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest. Additional restrictions on personal trading of the portfolio securities of a Fund may be imposed on investment committee members of the Fund and related parties pursuant to the Fund's governing agreement.

Employees who are registered representatives of IC will also be subject to the terms and restrictions with respect to personal trading in IC's code of ethics.

#### **D. Concurrent Trading Activity**

Under ICAM's Code, Employees are generally subject to black-out periods surrounding securities transactions for client accounts, other than to unwind transactions effected prior to employment with ICAM. Any unwinding transaction by an Employee will be subject to the Code's pre-clearance procedures.

ICAM generally will not aggregate securities transactions for clients. However, where available and appropriate, transactions to purchase or sell the same security may be effected at the same time for numerous client accounts, some of which accounts may have similar investment objectives. ICAM may (but is not obligated to) combine or "batch" such orders. When combined orders occur, ICAM will seek to allocate the execution and the costs incurred as a result of such execution in a manner that is deemed equitable to the accounts involved.

### **ITEM 12: BROKERAGE PRACTICES**

#### **A. Selection of Broker-Dealers**

*Execution Quality.* ICAM will generally seek "best execution" in light of the circumstances involved in transactions. In selecting a broker for any transactions, ICAM may consider a number of factors, including, for example, net price, availability, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. ICAM will not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction. Subject to ICAM's obligation to seek best execution, ICAM expects to execute substantially all of the Funds' securities transactions through IC. See Item 10(C) above.

During the last fiscal year, ICAM directed client transactions to broker-dealers based on their reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security, the value of the ongoing relationship of ICAM with such broker-dealers, and the comprehensiveness and frequency of available research services and products provided by the broker-dealer. ICAM monitors transaction results as orders are executed to evaluate the quality of execution provided by the various brokers and dealers it uses, to determine that compensation rates are competitive and otherwise to evaluate the reasonableness of the compensation paid to those brokers and dealers in light of all the factors described above.

*Research and Other Soft Dollars.* While ICAM generally obtains research services and products from its in-house research analysts and does not intend to have any soft dollar arrangements, any decisions involving soft dollars will be made in a manner that satisfies the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended. That is, ICAM will generally determine, considering all appropriate factors, that commissions and fees paid are reasonable in relation to the value of all the brokerage and research products and services provided by the broker-dealer.

*Brokerage for Client Referrals.* Subject to applicable law and regulation, in selecting brokers for any securities transactions, ICAM may direct a portion of a client's brokerage business to brokers who introduce the client to ICAM. Because referrals could benefit ICAM, selecting a broker based on client referrals may give rise to conflicts of interest in allocating client brokerage business. ICAM will not allocate client brokerage business to a referring broker unless ICAM determines in good faith that the commissions and transaction costs payable to such broker are not materially higher than those available from other non-referring brokers offering services of similar execution quality.

*Directed Brokerage.* Not applicable.

## **B. Aggregation of Orders**

See Item 11(D) above.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Periodic Account Review**

All accounts are generally reviewed on a daily basis by Jason Reese, Portfolio Manager, and Phillip Ronald Harrington, CFO. Account reviews focus on the review of all securities using fundamental analysis. Particular attention is given to changes in client objectives, development with respect to specific issues, developments with respect to specific issuers, developments and trends in general economic factors such as interest rates and market levels, general economic trends, and relative/absolute valuation levels.

### **B. Non-Periodic Account Review**

Not applicable.

### **C. Client Reports**

Each qualified custodian sends an account statement, at least quarterly, to each client for which it maintains funds or securities, identifying the amount of funds and all transactions in the account during the period.

ICAM provides Long Ball and Account investors with annual audited statements and a statement of each investor's capital account as of the fiscal year end. Each investor also receives an unaudited quarterly report from ICAM which discusses general account performance.

ICAM may make the reports available in hardcopy or solely via electronic transmission. ICAM, in its discretion, may provide more frequent reports and/or more detailed information to all or any of the investors in the Fund and/or the Account.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Compensation By Non-Clients**

There is no one who is not a client that provides an economic benefit to ICAM for providing investment advice or other advisory services to ICAM's clients.

## **B. Compensation for Client Referrals**

ICAM does not directly or indirectly compensate any person for client referrals.

### **ITEM 15: CUSTODY**

Custody of the assets of the Funds will be maintained with a qualified custodian selected by ICAM in its exclusive discretion, which selection may change from time to time without the consent of investors in the Fund. While ICAM will not maintain physical possession of the funds or securities of any Fund, ICAM, as the managing member of Long Ball and the general partner of the Account, has authority to direct the qualified custodian to transfer funds and securities in the Funds' and the Account's portfolios and pay out the management fees and/or performance-based compensation.

In accordance with the custody requirements contained in Rule 206(4)-2 under the Advisers Act, ICAM has entered into an arrangement with an independent public accountant pursuant to which the Funds and the Account will be subject to an annual audit. As described in Item 13(C) above, ICAM will provide a copy of the audited financial statements to investors in the Funds and the Account. ICAM generally intends for the Funds and the Account to be subject to an annual audit.

### **ITEM 16: INVESTMENT DISCRETION**

#### **Funds**

ICAM has discretionary authority to make the following determinations without obtaining the consent of the Funds before the transactions are effected:

- the securities that are to be bought or sold;
- the total amount of the securities to be bought or sold;
- the brokers through which securities are to be bought or sold; and
- the commission rates at which securities transactions for client accounts are effected.

ICAM's discretionary authority with respect to each Fund is derived from an express grant of authority under the Fund Documents and/or the investment management agreement with the Fund.

#### **Account**

As described in Item 8 above, ICAM's discretionary authority with respect to Account transactions is subject to minimum investment limitations and investment guidelines and restrictions set forth in the Account Agreement. Account investments must be approved by ICAM's internal review committee as suitable for investment by the Account. In certain cases, investments not satisfying the conditions and limitations of the Account Agreement may nevertheless become Account investments in the event the Account client authorizes them as an exceptional investment.

### **ITEM 17: VOTING CLIENT SECURITIES**

Generally, ICAM will vote (by proxy or otherwise) in all matters for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held by the Funds or in the Account in accordance with ICAM's proxy voting policies and procedures (the "Policies").

The Policies require ICAM to vote proxies received in a manner consistent with the best interests of its clients. The Policies also require ICAM to vote proxies in a prudent and diligent manner intended to enhance the economic value of the assets of the client that beneficially owns the voting securities. However, the Policies permit ICAM to abstain from voting proxies in the event that the client's economic interest in the matter being voted upon is limited relative to its overall portfolio or the impact of the vote will not have an effect on the outcome of the matter up for vote or on the client's economic interests.

In accordance with the Policies, each decision to vote for or against a proxy proposal or to abstain from voting will be made by ICAM on a case-by-case basis. Where a proxy proposal raises a material conflict between ICAM's interests and the interests of a client, ICAM will seek to resolve the conflict.

Upon request to ICAM, a Fund investor or the Account client may information on how ICAM voted shares on behalf of the Fund or client account, as applicable.

#### **ITEM 18: FINANCIAL INFORMATION**

Not applicable.

#### **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISORS**

Not applicable.

#### **ANTI-MONEY LAUNDERING POLICY**

ICAM maintains policies designed to detect and report any activities that raise suspicions of money laundering activities, and may modify these policies from time to time. In that regard, ICAM requires prospective investors in each Fund and the Account to provide such information as ICAM deems necessary for ICAM to comply with applicable legal or regulatory requirements, including, without limitation, anti-money laundering requirements. ICAM may disclose information respecting investors to governmental and/or regulatory or self-regulatory authorities to the extent that ICAM deems required by applicable law or regulation and ICAM may file reports with such authorities as ICAM deems required by applicable law or regulation. If required by applicable law, regulation or interpretation thereof, ICAM may suspend all activity with respect to an investor's account in a Fund, including suspending the right to withdraw funds or assets from the Fund, pending ICAM's receipt of instructions from the appropriate governmental or regulatory authority.