

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

# **House Hanover, LLC**

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March 30, 2019

This Brochure provides information about the qualifications and business practices of HANOVER HOUSE, LLC. If you have any questions about the contents of this Brochure, please contact us at [MDISALVO@SEMA4USA.COM](mailto:MDISALVO@SEMA4USA.COM). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

HANOVER HOUSE, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about HANOVER HOUSE, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

With respect to this annual update, since the last updating amendment to House Hanover's Form ADV Part 2 Brochure on March 30, 2018, we note the following material changes to this Brochure.

On April 5, 2018, the board of directors of Princeton Capital Corporation ("Princeton Capital"), including a majority of the independent directors, conditionally approved the Investment Advisory Agreement between Princeton Capital and House Hanover (the "House Hanover Investment Advisory Agreement") subject to the approval of Princeton Capital's stockholders at Princeton Capital's 2018 Annual Meeting of Stockholders. The House Hanover Investment Advisory Agreement replaced the Interim Investment Advisory Agreement that was entered into between Princeton Capital and House Hanover on January 1, 2018 (the "Interim Investment Advisory Agreement"). On May 30, 2018, Princeton Capital's stockholders approved the House Hanover Investment Advisory Agreement. The effective date of the House Hanover Investment Advisory Agreement was May 31, 2018.

Since January 1, 2018, House Hanover has acted as the investment advisor under the Interim Investment Advisory Agreement (from January 1, 2018 until May 31, 2018) and the House Hanover Investment Advisory Agreement (since May 31, 2018).

Princeton Capital is a closed-end and externally managed investment company that has elected to be regulated as a business development Company under the Investment Company Act of 1940, as amended.

Princeton Capital provides debt-financing solutions at all levels of the capital structure to U.S. lower middle-market companies. Investments are made in a variety of industries and geographies to create a diverse portfolio that will generate competitive returns for stockholders. The investment objective of Princeton Capital is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities.

Pursuant to the Interim Investment Advisory Agreement and the House Hanover Investment Advisory Agreement, Princeton Capital will pay House Hanover a base management fee for investment advisory and management services. The investment advisory agreements do not contain an incentive fee component.

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## **Item 4 – Advisory Business**

Hanover House, LLC (the “Adviser”) is a limited liability company formed under the laws of the State of Delaware in June 2016. The Adviser is owned 100% by Sema4, Inc., which is owned 100% by Mark DiSalvo.

### **Highland Crusader**

The Adviser was formed for the primary purpose of serving as General Partner to the Highland Crusader Fund, L.P. (“Onshore Fund”) and to hold the management shares in the Highland Crusader Fund, Ltd. (“Offshore Fund I”) and the Highland Crusader Fund II, Ltd. (“Offshore Fund II”), which were organized for the purpose of investing substantially all of their assets in the Highland Crusader Offshore Partners, L.P. (“Master Fund” and together with the Onshore Fund, Offshore Fund I and Offshore Fund II, the “Crusader Funds”).

On July 15, 2011, the Supreme Court of Bermuda approved that certain Scheme of Arrangement pursuant to Section 99 of the Companies Act 1981 (the “Scheme”) between Offshore Fund II and redeemed investors in the Offshore Fund II, which provides for, among other things, the wind-down and distribution of the assets of the Crusader Funds to the redeemed investors in the Crusader Funds (the “Redeemers”). The Joint Plan of Distribution of the Crusader Funds (the “Plan”) was approved by the Crusader Funds’ former investment manager, Highland Capital Management, L.P. (“HCMLP”), and the consenting Redeemers in connection with the approval of the Scheme. Both the Scheme and Plan provide for the constitution of a committee consisting of representatives of prior Redeemers and compulsory Redeemers (the “Redeemer Committee”), and the Redeemer Committee’s oversight of the management and wind-down of the Crusader Funds. The Redeemer Committee exercised its right to remove HCMLP and cause HCMLP to transfer the general partnership interest and other voting control of the Crusader Funds to the Adviser pursuant to certain Transfer Agreements dated as of August 4, 2016. Additionally, the Adviser has delegated to Alvarez & Marsal CRF Management, LLC (the “Investment Manager”) pursuant to an Investment Management Agreement dated August 4, 2016(as amended, the “Investment Management Agreement”), certain rights and powers to conduct the wind down of the Crusader Funds. Pursuant to the Investment Management Agreement, the rights and powers of the Investment Manager include the authority to:

Manage and administer the affairs of each of the Crusader Funds;

Execute, deliver and perform contracts, agreements and other undertakings on behalf of each of the Crusader Funds, without the prior consent or approval of House Hanover or any investor, director, officer or other agent of any of the Crusader Funds, except with respect to certain investments for which House Hanover has retained discretion;

Liquidate the business and administrative affairs of each of the Crusader Funds.

Under the terms of the Investment Management Agreement and subject to certain limitations set forth therein, the Investment Manager has full discretion and authority, without obtaining the prior approval of any director, officer or other agent of any of the Crusader Funds, for all investment and investment management decisions to be undertaken on behalf of the Crusader Funds; provided, that the Investment Manager shall not affect any transactions which are materially inconsistent with the Plan or the Scheme.

Notwithstanding the foregoing, with respect to the Crusader Funds' investment in certain assets (the "Segregated Assets"), (1) House Hanover retains (and does not delegate) its authority as general partner of the Master Fund and the Onshore Fund and as holder of the management shares of the Offshore Fund I and the Offshore Fund II, (2) all decisions regarding the Segregated Assets remain under the control of House Hanover, and (3) the Investment Manager must act under the direction of House Hanover with respect to all acts with regard to the Segregated Assets.

The Adviser will oversee the Investment Manager to ensure that the process of liquidation continues in an orderly manner, and oversee the distribution of the proceeds therefrom to the limited partners and investors of the Crusader Funds.

### **Princeton Capital Corporation**

Effective January 1, 2018, House Hanover, LLC entered into an Interim Investment Advisory Agreement with Princeton Capital Corporation ("Princeton Capital") (the "Interim Investment Advisory Agreement").

On April 5, 2018, the board of directors of Princeton Capital, including a majority of the independent directors, conditionally approved the Investment Advisory Agreement between Princeton Capital and House Hanover, LLC (the "House Hanover Investment Advisory Agreement") subject to the approval of Princeton Capital's stockholders at Princeton Capital's 2018 Annual Meeting of Stockholders. The House Hanover Investment Advisory Agreement replaced the Interim Investment Advisory Agreement. On May 30, 2018, Princeton Capital's stockholders approved the House

Hanover Investment Advisory Agreement. The effective date of the House Hanover Investment Advisory Agreement was May 31, 2018.

Princeton Capital provides debt-financing solutions at all levels of the capital structure to U.S. lower middle-market companies. Investments are made in a variety of industries and geographies to create a diverse portfolio that will generate competitive returns for stockholders. The investment objective of Princeton Capital is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities.

Princeton Capital is a closed-end and externally managed investment company that has elected to be regulated as a business development Company under the Investment Company Act of 1940, as amended.

Subject to the terms of the House Hanover Investment Advisory Agreement, the Adviser oversees Princeton Capital's day-to-day operations and provides Princeton Capital with investment advisory services. Under the terms of the House Hanover Investment Advisory Agreement, the Adviser, will among other things: (i) determine the composition and allocation of the portfolio of Princeton Capital, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identify, evaluate and negotiate the structure of the investments made by Princeton Capital; (iii) execute, close, service and monitor the Princeton Capital's investments; (iv) determine the securities and other assets that Princeton Capital shall purchase, retain, or sell; (v) perform due diligence on prospective portfolio companies; (vi) provide Princeton Capital with such other investment advisory, research and related services as Princeton Capital may, from time to time, reasonably require for the investment of its funds; and (vii) if directed by the Princeton Capital Board, assist in the execution and closing of the sale of Princeton Capital's assets or a sale of the equity of Princeton Capital in one or more transactions. Adviser's services under the House Hanover Investment Advisory Agreement may not be exclusive and it is free to furnish similar services to other entities so long as its services to Princeton Capital are not impaired. At the request of Princeton Capital, the Adviser, upon any transition of Princeton Capital's investment advisory relationship to another investment advisor or upon any internalization, shall provide reasonable transition assistance to Princeton Capital and any successor investment advisor.

## **Item 5 – Fees and Compensation**

### **Highland Crusader**

The Adviser will be paid a fixed fee by the Crusader Funds in the amount of \$15,000 per month until September 30, 2016 and \$10,000 per month thereafter. The Adviser will generally send an invoice to the Crusader Funds for payment of its fees in arrears on a monthly basis.

The Adviser's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Crusader Funds, which may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot

differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Adviser shall not receive any portion of such commissions, fees, and costs.

### **Princeton Capital Corporation**

Pursuant to the House Hanover Investment Advisory Agreement (and, prior to May 31, 2018, the Interim Investment Advisory Agreement), Princeton Capital will pay the Adviser a base management fee for investment advisory and management services. The cost of the base management fee will ultimately be borne by Princeton Capital's stockholders. The House Hanover Investment Advisory Agreement does not contain an incentive fee component.

The base management fee is calculated at an annual rate of 1.00% of Princeton Capital's gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents net of all indebtedness of Princeton Capital for borrowed money and other liabilities of Princeton Capital. The base management fee is payable quarterly in arrears, and determined as set forth in the preceding sentence at the end of the two most recently completed calendar quarters. The Princeton Capital Board may retroactively adjust the valuation of Princeton Capital's assets and the resulting calculation of the base management fee in the event Princeton Capital or any of its assets are sold or transferred to an

independent third party or Princeton Capital or the Adviser receives an audit report or other independent third party valuation of Princeton Capital. To the extent that any such adjustment increases or decreases the base management fee of any prior period, Princeton Capital will be obligated to pay the amount of increase to the Adviser or the Adviser will be obligated to refund the decreased amount, as applicable.

In accordance with Rule 15a-4(b)(1)(i) of the Investment Company Act, the compensation that was received by the Adviser under the Interim Investment Advisory Agreement was no greater than the compensation that the former investment advisor would have received under the terminated investment advisory agreement.

The Adviser will bear all compensation expense (including health insurance, pension benefits, payroll taxes and other compensation related matters) of its employees and bear the costs of any salaries or directors' fees of any officers or directors of Princeton Capital who are affiliated persons (as defined in the 1940 Act) of the Adviser. However, the Adviser, subject to approval by the Princeton Capital Board, will be entitled to reimbursement for the portion of any compensation expense and the costs of any salaries of any such employees to the extent attributable to services performed by such employees for Princeton Capital. During the term of the House Hanover Investment Advisory Agreement, the Adviser will also bear all of its costs and expenses for office space rental, office equipment, utilities and other non-compensation related overhead allocable to performance of its obligations under the House Hanover Investment Advisory Agreement.

Except as provided in the preceding paragraph Princeton Capital will reimburse the Adviser all direct and indirect costs and expenses incurred by it during the term of the House Hanover Investment Advisory Agreement for: (i) due diligence of potential investments of Princeton Capital, (ii) monitoring performance of Princeton Capital's investments, (iii) serving as officers of Princeton Capital, (iv) serving as directors and officers of portfolio companies of Princeton Capital, (v) providing managerial assistance to portfolio companies of Princeton Capital, and (vi) enforcing Princeton Capital's rights in respect of its investments and disposing of its investments; provided, however, that, any third party expenses incurred by the Adviser in excess of \$50,000 in the aggregate in any calendar quarter will require advance approval by the Princeton Capital Board.

In addition to the foregoing, Princeton Capital will also be responsible for the payment of all of Princeton Capital's other expenses, including the payment of the following fees and expenses:



- Organization and offering expenses;
- Expenses incurred in valuing Princeton Capital's assets and computing its net asset value per share (including the cost and expenses of any independent valuation firm);
- Subject to the guidelines approved by the Princeton Capital Board, expenses incurred by the Adviser that are payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for Princeton Capital and in monitoring Princeton Capital's investment and performing due diligence on Princeton Capital's prospective portfolio companies or otherwise related to, or associated with, evaluating and making investments;
- Interest payable on debt, if any, incurred to finance Princeton Capital's investments and expenses related to unsuccessful portfolio acquisition efforts;
- Offerings of Princeton Capital's common stock and other securities;
- Administration fees;
- Transfer agent and custody fees and expenses;
- U.S. federal and state registration fees of Princeton Capital (but not the Adviser);
- All costs of registration and listing Princeton Capital's shares on any securities exchange;
- U.S. federal, state and local taxes;
- Independent directors' fees and expenses;
- Costs of preparing and filing reports or other documents required of Princeton Capital (but not the Adviser) by the SEC or other regulators;
- Costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- The costs associated with individual or group stockholders;
- Princeton Capital's allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- Direct costs and expenses of administration and operation of Princeton Capital, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- And all other non-investment advisory expenses incurred by Princeton Capital in connection with administering Princeton Capital's business.

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

The Adviser does not charge any performance-based fees.

## **Item 7 – Types of Clients**

The Adviser's only clients are the Crusader Funds which are pooled investment vehicles and Princeton Capital Corporation which is a closed-end and externally managed investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended.

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

As previously described in Item 4 "Advisory Business", except with respect to the Segregated Assets for which House Hanover has retained discretion and authority, the Investment Manager has discretion and authority for all investment and investment management decisions to be undertaken on behalf of the Crusader Funds and Princeton Capital Corporation.

The Adviser will oversee the process of liquidation to ensure that it continues in an orderly manner, and oversee the distribution of the proceeds therefrom to the limited partners and investors of the Crusader Funds.

## **Item 9 – Disciplinary Information**

The Adviser has no information to disclose applicable to this Item.

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

The Adviser has no information to disclose applicable to this Item.

## **Item 11 – Code of Ethics**

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

Neither the Adviser, nor a related person, buys or sells securities for the client's account, or recommends securities to the clients in which the Adviser or a related person has a material financial interest or buys or sells for their own account.

The Adviser's employees and persons associated with the Adviser are required to follow the Adviser's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of the Adviser and its affiliates may trade securities for their own accounts. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the Adviser will not interfere with (i) making decisions in the best interest of the client and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of the Adviser's clients. In addition, the Code requires pre-clearance of certain transactions, and restricts trading in close proximity to client trading activity. Personal account trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between the Adviser and its clients.

The Adviser's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Mark DiSalvo at [mdisalvo@sema4usa.com](mailto:mdisalvo@sema4usa.com).

## **Item 12 – Brokerage Practices**

Except for the Segregated Assets, the Investment Manager will have discretion to recommend and select broker dealers for transactions concerning the Crusader Funds, and to determine the reasonableness of the compensation paid to such broker dealers. The Adviser may be required to be a party to agreements entered into between the Investment Manager and such broker dealers, however, the Adviser will have no decision making authority with respect to the selection of any broker dealer or the compensation to be paid other than for the Segregated Assets.

With respect to the Segregated Assets the Adviser has full discretion to recommend and select broker-dealers for transactions concerning the Segregated Assets, and to determine the reasonableness of the compensation paid to such broker dealers. In the course of selecting brokers, dealers, banks and financial intermediaries to effect transactions with respect to the Segregated Assets, the Adviser will seek to obtain the best execution in respect of the Segregated Assets and may allocate such transactions to such brokers and dealers for execution on applicable markets and may agree to such commission rates and/or spreads, fees and other charges with respect to the Segregated Assets as it shall deem reasonable in the circumstances, taking into consideration all such factors as the Adviser deems relevant, including (but not limited to) the following: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of the order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research and other services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Adviser's other selection criteria.

## **Item 13 – Review of Accounts**

The Adviser will review performance and management of the Crusader Funds and Princeton Capital Corporation and cause the provision of reports of the review to the Redeemer Committee on a monthly basis or as determined by the Redeemer Committee.

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

This item is not applicable to the Adviser as it does not accept compensation for client referrals or any other compensation except as disclosed in Item 5 “Fees and Compensation”.

## **Item 15 – Custody**

The Adviser is deemed to have custody of the Crusader Funds by virtue of its status as the General Partner of the Crusader Funds. The Crusader Funds receive monthly account statements from qualified custodians. These account statements are reviewed by the Adviser on behalf of the Crusader Funds.

Investors in the Crusader Funds will receive audited financial statements within 120 days of the end of fiscal year of each of the Onshore Fund, the Offshore Fund I and the Offshore Fund II.

The Adviser does not have custody of Princeton Capital Corporation’s funds or securities. Princeton Capital Corporation’s funds and securities are held by U.S. Bank pursuant to a written Custody Agreement.

## **Item 16 – Investment Discretion**

Except for the Segregated Assets, the Adviser has no discretionary authority to manage the securities of the Crusader Funds. The discretionary authority will be delegated to the Investment Manager pursuant to the Investment Management Agreement.

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

The Adviser has adopted proxy voting policies and procedures pursuant to SEC rule 206(4)-6. For proxies the Adviser may vote on behalf of the Fund, the Adviser has written procedures as to the handling, research, voting and recording of proxies. Investors in the Fund may request information on how specific proxies were voted and/or a copy of the Adviser’s proxy voting policies and procedures.

**Item 18 – Financial Information**

The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

**Item 19 – Requirements for State-Registered Advisers**

The Adviser has no information to disclose applicable to this Item.