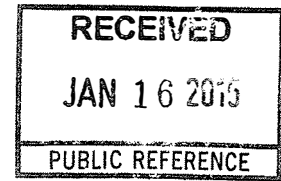


UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING  
File No. 3-16223

In the Matter of

SANDS BROTHERS ASSET  
MANAGEMENT, LLC, STEVEN  
SANDS, MARTIN SANDS AND  
CHRISTOPHER KELLY,

Respondents.

DECLARATION OF NANCY A. BROWN  
IN SUPPORT OF THE DIVISION OF ENFORCEMENT'S  
MOTION FOR SUMMARY DISPOSITION

I, Nancy A. Brown, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am Senior Trial Counsel in the Division of Enforcement (the "Division"). I submit this declaration in support of the Division's motion for summary disposition against Respondents pursuant to Rule of Practice 250(a). I am fully familiar with the facts and circumstances herein.

2. Appended hereto as Exhibit 1 is a true and correct copy of the Brochure filed by Respondent Sands Brothers Asset Management, LLC ("SBAM") with the Commission, dated both December 22, 2014 (cover page) and December 16, 2014 (second page).

3. Appended hereto as Exhibit 2 is a true and correct copy of relevant portions of a certified copy of the amendment to Form ADV, filed by SBAM with the Commission on March 27, 2014 and signed electronically by Christopher Kelly.

4. Appended hereto as Exhibit 3 is a true and correct copy of relevant pages from SBAM's website, which were obtained by visiting <http://sandsbros.com/home.html>.

5. Appended hereto as Exhibit 4 are true and correct copies of relevant pages of reports run for Steven Sands ("S. Sands") and Martin Sands ("M. Sands") from FINRA's Central Registration Depository.

6. Appended hereto as Exhibit 5 is a true and correct copy of relevant portions of a certified copy of the amendment to Form ADV, filed by SBAM with the Commission on March 19, 2012 and signed electronically by Christopher Kelly.

7. Appended hereto as Exhibit 6 is a true and correct copy of the transcript of the investigative testimony given by Christopher Kelly ("Kelly") on April 22, 2013.

8. Appended hereto as Exhibit 7 is a true and correct copy of relevant pages of a report run for Kelly from FINRA's Central Registration Depository.

9. Appended hereto as Exhibit 8 is a true and correct copy of the Wells Submission on Behalf of Christopher R. Kelly, dated June 13, 2014.

10. Appended hereto as Exhibit 9 is a true and correct copy of the 2012 Analysis of Compliance System of Sands Brothers Asset Management, LLC, prepared by Richard Slavin, Esq. and produced by him to the Division pursuant to Subpoena.

11. Appended hereto as Exhibit 10 is a true and correct copy of relevant pages of the transcript of investigative testimony given by Richard Slavin on October 20, 2014.

12. Appended hereto as Exhibit 11 is a true and correct copy of the Stipulation and Agreement entered into by SBAM and the Connecticut Department of Banking on September 9, 2009, and obtained from the Connecticut Department of Banking's website, <http://www.ct.gov/dob/cwp/view.asp?a=2246&q=446552>.

13. Appended hereto as Exhibit 12 is the February 8, 1999 Deficiency Letter issued by the SEC's Office of Compliance Inspections and Examinations ("OCIE") to M. Sands relating to OCIE's findings during its 1999 examination of SBAM.

14. Appended hereto as Exhibit 13 is a true and correct copy of a January 16, 2009 OCIE Request, addressed to Kelly at SBAM, for information relating to SBAM's distribution of audited financial statements for the private funds it managed in 2007, and true and correct copies of Kelly's written response and relevant portions of the materials SBAM submitted in response, including the 2007 audit reports for Granite Associates, LLC; Katie and Adam Bridge Partners L.P.; 280 Ventures LLC; Sands Brothers Venture Capital LLC; Sands Brothers Venture Capital II LLC; Sands Brothers Venture Capital III LLC; and Sands Brothers Venture Capital IV LLC.

15. Appended hereto as Exhibit 14 is a true and correct copy of a June 6, 2008 email from John Lanser, Operations Assistant for the Genesis Merchant Partners Fund,<sup>1</sup> to "Investors," purporting to attach the 2007 audited financials for the Genesis Merchant Partners Fund. This email was provided to the OCIE staff by SBAM in response to its January 16, 2009 request.

16. Appended hereto as Exhibit 15 is a certified copy of the Commission's October 22, 2010 Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 203(e),

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<sup>1</sup> Lanser also appears to be employed by the funds' Administrator, Greenwich Fund Services.

203(f), and 203(k) of the Investment Advisers Act of 1940 in the Matter of Sands Brothers Asset Management LLC, Steven Sands, and Martin Sands, File No. 3-14097.

17. Appended hereto as Exhibit 16 is a true and correct copy of the Offer of Settlement of Sands Brothers Asset Management LLC, Steven Sands, and Martin Sands in the Matter of Sands Brothers Asset Management LLC, Steven Sands, and Martin Sands, signed by S. Sands and M. Sands, and Kelly, on behalf of SBAM, on September 13, 2010.

18. Appended hereto as Exhibit 17 are true and correct copies of the auditor Engagement Letters (produced by the Funds' auditor, Cornick, Garber & Sandler, LLP ("CGS") pursuant to a Division Subpoena), signed by Kelly, for the audits of the financial statements for the fiscal years 2010, 2011 and 2012 for each of the following SBAM-managed funds: Sands Brothers Venture Capital LLC ("SBVC I"); Sands Brothers Venture Capital II LLC ("SBVC II"); Sands Brothers Venture Capital III LLC ("SBVC III"); Sands Brothers Venture Capital IV LLC ("SBVC IV"); Genesis Merchant Partners, L.P. ("GMP I"); Genesis Merchant Partners II, L.P. ("GMP II"); Granite Associates, LLC ("Granite"); Katie and Adam Bridge Partners, L.P. ("K&A"); 280 Ventures LLC ("280"); and Vantage Point Partners, L.P. ("Vantage"), collectively the "10 Funds."

19. Appended hereto as Exhibit 18 are true and correct copies of the fiscal year 2010 audit reports issued for each of the 10 Funds, produced to the Division by CGS.

20. Appended hereto as Exhibit 19 are true and correct copies of the documents produced by SBAM and Greenwich Fund Services, the 10 Funds' Administrator, to the Division to establish the dates on which the fiscal year 2010 audited financial statements were mailed to investors for SBVC I, SBVC II, SBVC III and SBVC IV funds (collectively SBAM 0006678, and the August 16, 2013 Certification ("Certification 1") of Doug Bisio, President of Greenwich

Fund Services (at ¶ 7)), GMP I (GFS 000002); GMP II (GFS 000005); and Vantage (GFS 000008).

21. Appended hereto as Exhibit 20 is a true and correct copy of an August 16, 2013 Certification of Doug Bisio (“Certification 2”), President of the 10 Funds’ administrator, regarding the mailing of the fiscal year 2010 audited financial statements to investors of K&A, Granite and 280.

22. Appended hereto as Exhibit 21 are true and correct copies of the fiscal year 2011 audit reports issued for each of the 10 Funds, produced to the Division by CGS.

23. Appended hereto as Exhibit 22 are true and correct copies of the documents produced by Greenwich Fund Services to the Division to establish the dates on which the fiscal year 2011 audited financial statements for the 10 Funds were mailed to those funds’ investors: SBVC I, SBVC II, SBVC III, SBVC IV (collectively, GFS 000016); GMP I (GFS 000003); GMP II (GFS 000006); 280 (GFS 000037); Granite (GFS 000011); K&A (GFS 000035); and Vantage (GFS 000009).

24. Appended hereto as Exhibit 23 are true and correct copies of the fiscal year 2012 audit reports issued for each of the 10 Funds, produced to the Division by CGS.

25. Appended hereto as Exhibit 24 are true and correct copies of the documents produced by SBAM to the Division to establish the dates on which the fiscal year 2012 audited financial statements for the 10 Funds were mailed to those funds’ investors: SBVC I, SBVC II, and SBVC III (collectively, SBAM 007897); GMP I (SBAM 007900); GMP II (SBAM 007899); K&A, 280, Granite, and SBVC IV (collectively, SBAM 007901); and Vantage (SBAM 007898).

26. Appended hereto as Exhibit 25 is a true and correct copy of an April 27, 2011 11:38am email from David LaRocca at CGS to Kelly, re: "Rep Letter SBVC I," produced to the Division by CGS.

27. Appended hereto as Exhibit 26 is a true and correct copy of an April 29, 2011 email chain, with the top email from LaRocca to Rosalind Tsai at SBAM, Kelly, and M. Sands at 3:05pm, produced to the Division by CGS.

28. Appended hereto as Exhibit 27 is a true and correct copy of an April 29, 2011 3:52pm email from Kelly to LaRocca attaching partially signed Management Representation Letters for Vantage, SBVC I, K&A, Granite and 280, with attachments, produced to the Division by CGS.

29. Appended hereto as Exhibit 28 is a true and correct copy of an April 29, 2011 4:55pm email from Rosalyn Warg of SBAM to LaRocca , produced to the Division by CGS.

30. Appended hereto as Exhibit 29 is a true and correct copy of a May 2, 2011 8:39am email from LaRocca to Kelly and Lanser, produced to the Division by CGS.

31. Appended hereto as Exhibit 30 is a true and correct copy of a May 2, 2011 email chain, with the top email from LaRocca to Lanser at 4:32pm, produced to the Division by CGS.

32. Appended hereto as Exhibit 31, are true and correct copies of Management Representation letters for the fiscal year 2010, 2011 and 2012 audits for each of the 10 Funds, signed by S. Sands, M. Sands and Kelly, produced to the Division by CGS.

33. Appended hereto as Exhibit 32 is a true and correct copy of a May 31, 2011 email chain, with the top email from Kelly to Sal Vicari of CGS at 1:52pm, produced to the Division by CGS.

34. Appended hereto as Exhibit 33 is a true and correct copy of a May 31, 2011 email chain, with the top email from Kelly to LaRocca at 3:46pm, produced to the Division by CGS.

35. Appended hereto as Exhibit 34 is a true and correct copy of an October 24, 2012 5:06pm email from LaRocca to Lanser, attaching 2010 and 2011 CGS invoices relating to 280 and Granite, with attachments, produced to the Division by CGS.

36. Appended hereto as Exhibit 35 is a true and correct copy of a November 16, 2012 12:49 pm email from LaRocca to Lanser, attaching 2011 and 2012 CGS invoices relating to 280, and attachments, produced to the Division by CGS.

37. Appended hereto as Exhibit 36 is a true and correct copy of relevant pages of the transcript of the investigative testimony given by M. Sands on May 23, 2012.

38. Appended hereto as Exhibit 37 is a true and correct copy of an August 16, 2012 2:11pm email from LaRocca to Kelly, M. Sands and S. Sands, produced to the Division by CGS.

39. Appended hereto as Exhibit 38 are true and correct copies of June, August and September 2012 investigative Subpoenas issued by the Division to SBAM and CGS.

40. Appended hereto as Exhibit 39 is a true and correct copy of the Sands Brothers Asset Management LLC Compliance Policies and Procedures Manual, dated November 15, 2009, produced to the Division by Richard Slavin.

41. Appended hereto as Exhibit 40 are true and correct copies of the Annual Acknowledgement and Agreement to Abide by Compliance Policies and Procedures, signed by each of Kelly, S. Sands and M. Sands as of April 6, 2011, produced to the Division by Richard Slavin.

42. Appended hereto as Exhibit 41 are true and correct copies of emails reflecting communications with Kelly, S. Sands or M. Sands respecting various audit issues throughout the 2010, 2011, and 2012 audits, all produced to the Division by CGS:

- April 21, 2011 email from Lanser to LaRocca
- April 21, 2011 email from Rosalyn Warg (Executive Assistant at SBAM) to LaRocca
- April 21, 2011 email from Kelly to LaRocca
- April 25, 2011 email from Kelly to LaRocca
- April 29, 2011 email from Kelly to Vicari
- May 16, 2011 email from Kelly to Vicari
- May 16, 2011 email from Kelly to LaRocca
- May 16, 2011 email from Warg to LaRocca
- May 19, 2011 email from Warg to LaRocca and Vicari
- June 22, 2011 Vicari email to Bradley Jackson of Gourmet Express (fund portfolio company), cc: M. Sands
- March 15, 2012 2:54PM email from Bisio to Vicari, Kelly, cc: Lanser
- May 14, 2012 email from LaRocca to Vicari
- June 5, 2012 email from Jeff Umansky (SBAM) to Vicari and LaRocca
- June 7, 2012 email from LaRocca to Gavin Watson (SBAM), cc: Vicari
- June 12, 2012 email from Watson to LaRocca, cc: Vicari
- July 13, 2012 email from Lanser to LaRocca and Vicari, cc: Kelly and Bisio
- August 22, 2012 email from LaRocca to Lanser
- October 15, 2012 email from Umansky to Vicari
- October 15, 2012 email from Vicari to S. Sands, cc: LaRocca



- April 29, 2013 email from Vicari to S. Sands
- May 8, 2013 email from LaRocca to Watson and Vicari, cc: S. Sands, Umansky, Lanser, Bisio, Kelly
- May 10, 2013 email from Watson to Vicari
- May 14, 2013 email from Watson to Vicari, cc: S. Sands and LaRocca
- May 16, 2013 email from Watson to LaRocca, S. Sands, cc: Vicari
- June 25, 2013 email from Vicari to S. Sands
- July 16, 2013 email from Lee Tu (CGS) to Lanser, Vicari, LaRocca

43. Appended hereto as Exhibit 42 are true and correct copies of examples of emails reflecting S. Sands', M. Sands' or Kelly's obtaining of appraisals and other documentation to support valuations of various fund investments for the purposes of the audits, all produced to the Division by CGS:

- April 25, 2011 email from Kelly to Vicari, cc: Watson and Bisio
- April 29, 2011 email from Kelly to Vicari, cc: Bisio
- May 12, 2011 email from Kelly to Vicari
- May 16, 2011 email from Kelly to Vicari, cc: LaRocca, with relevant portions of the attachment
- May 18, 2011 email from Jonathan Wells, Esq. to Vicari, cc: S. Sands, Kelly, M. Sands with relevant portions of the attachment

44. Appended hereto as Exhibit 43 are true and correct copies of confirmations, produced to the Division by CGS, and sent out as part of the audit process, addressed to Kelly (Lynx Acquisitions, Inc., a SBVC I, SBVC II, SBVC III, and SBVC IV investment; Scout Acquisitions, Inc., a SBVC I, SBVC II, SBVC III and SBVC IV investment) and S. Sands (Triage Partners LLC, a SBVC III and SBVC IV investment).

45. Appended hereto as Exhibit 44 is a true and correct copy of a September 3, 2013 letter from CGS to M. Sands and S. Sands, produced to the Division by CGS.

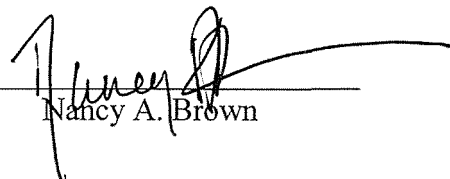
46. Appended hereto as Exhibit 45 is a chart prepared by the Division staff that sets out the maximum penalties awardable at each penalty tier for each of Respondents' 10 violations in each of 2011, 2012 and 2013.

47. On or around July 19, 2013, together with other members of the Division staff, I participated in a telephone call with counsel for SBAM, S. Sands and M. Sands, Martin Kaplan and his colleagues from Gusrae Kaplan Nusbaum PLLC. During that call, the staff inquired about the reasons behind SBAM's continual late distributions of their audited financial statements.

48. On or around February 7, 2014, together with other members of the Division staff, I participated in a telephone call to counsel for SBAM, S. Sands and M. Sands, Martin Kaplan. During that call, we advised Kaplan that the Division staff intended to recommend that an action be filed against the Firm, the Sands and Kelly for SBAM's failure to deliver the 10 Funds' audited financial statements to investors on time.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 15, 2014  
New York, NY

  
Nancy A. Brown



**Item 2. Material Changes**

This Firm Brochure, dated December 16, 2014 is our amended disclosure document. The following is a description of the material changes that were made to this Firm Brochure since its last annual amendment on March 1, 2014.

A.

Item 9. The Disciplinary Information section was amended to disclose that: On or about October 29, 2014, Sands Brothers Asset Management, LLC ("SBAM") and two of its principals Martin Sands ("M. Sands") and Steven Sands ("S. Sands," and collectively, the "respondents") were named as respondents in an Order Instituting Administrative Proceedings (the "OIP") by the Securities and Exchange Commission (the "SEC") alleging violations of Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, as amended (the "Advisers Act") for failure to timely distribute audited financial statements to the investors of the pooled investment vehicles managed by SBAM in violation of the "Custody Rule" - Rule 206(4)-2 under Section 206(4) of the Advisers Act, and M. Sands and S. Sands with willfully aiding and abetting and causing SBAM's violations of Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder. The respondents intend to vigorously defend the allegations contained in the OIP.

B.

Chief Compliance Officer Douglas Bisio resigned from the position on December 15, 2014 and was replaced by Nicholas Rossi.

Former COO and CCO, Christopher Kelley has left the Firm.

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#### **Item 4. Advisory Business**

A.

Sands Brothers Asset Management, LLC (“SBAM”) has been an SEC registered investment adviser since 1999. Registration does not imply a certain level of skill or training.

The principal owners of SBAM are The Julio Trust and The Targhee Trust.

B.

SBAM currently provides investment advisory services to a group of venture capital funds (the “Venture Funds”), a group of funds of hedge funds (the “Select Access Funds”), two substantially identical asset-based lending funds (the “Genesis I Fund” and the “Genesis II Fund”), and a distressed fund (the “Vantage Point Fund”, which together with the Venture Funds, the Select Access Funds, the Genesis I Fund and the Genesis II Fund, the “Funds”).

##### The Venture Funds

SBAM serves as advisor to the Venture Funds, which are closed to new investors. The Venture Funds' investments are in a number of sectors, including, without limitation, technology, healthcare, business services, finance and transportation.

The Venture Funds pay to SBAM an annual advisory fee of up to 2%-2.5% of assets under management, generally payable quarterly in arrears but for one Venture Fund payable monthly in advance. Subject to a high water mark, the member-manager of each of the Venture Funds receives an annual performance allocation ranging from 5% to 20% of the net profits of each fund, subject in certain situations to the prior achievement of a pre-determined rate of return for the Fund's members. Such fees are generally not negotiable, and there are no specific provisions regarding refunds or terminations prior to expiration. The member-managers are affiliates of SBAM, and the executive officers of SBAM also serve as the managers of such member-managers.

The Venture Funds are: Sands Brothers Venture Capital LLC, Sands Brothers Venture Capital II LLC, Sands Brothers Venture Capital III LLC, Sands Brothers Venture Capital IV LLC, 280 Ventures LLC, Granite Associates LLC and Katie and Adam Bridge Partners LLC.

In October 2010 the manager of Sands Brothers Venture Capital LLC delivered a letter to the Fund's investors informing them that the manager had determined to wind down the Fund, and that in connection therewith the Fund would be making a series of pro rata distributions as the Fund received liquidity from its investments.

### The Select Access Funds

Subject to the developments disclosed below, the Select Access Funds invest with a pool of hedge fund managers. The Select Access Funds pay to SBAM an annual management fee of 2.0%, payable quarterly in arrears. Subject to a high water mark, the member-manager of each of the Select Access Funds receives an annual performance allocation ranging from 5% to 10% of the net profits of each fund, subject in certain situations to the prior achievement of pre-determined rates of return for the Fund's members. Such fees are generally not negotiable, and there are no specific provisions regarding refunds or terminations prior to expiration. The member-managers are affiliates of SBAM, and executive officers of SBAM also serve as managers of such member-managers.

In January 2009 the manager of each Select Access Fund delivered a letter to each fund's respective investors informing them that considering the state of the national and global economy each of the respective funds was being wound down, and that in connection therewith the funds would be suspending redemptions. The letters further advised the investors that each investor would be receiving a series of pro rata distributions as the respective Select Access Fund received liquidity from its underlying managers (subject to holdbacks). Accordingly, the Select Access Funds will no longer be accepting new investors or making new investments with underlying managers.

The Select Access Funds are Select Access LLC, Select Access (Institutional) LLC, and Select Access III LLC.

### The Genesis I and II Funds

SBAM is also advisor to Genesis Merchant Partners, LP (the "Genesis I Fund") and Genesis Merchant Partners II, LP (the "Genesis II Fund"). The Genesis I Fund is a private investment fund the investment objective of which is to seek consistent absolute returns primarily by making strategic and opportunistic loans, on a secured basis, to domestic or foreign borrowers, including small and micro-cap public companies, private companies and special purpose real estate and other niche business entities. The Genesis I Fund may also opportunistically purchase assets for investment and take controlling positions otherwise in assets. The Genesis I Fund seeks to obtain returns through coupon payments on loans, short-term capital gains, long-term investment gains, asset realization and various fees, equity and warrants paid by borrowers in connection with financing received from the Genesis I Fund.

In addition to managing the Genesis I Fund and its investments, SBAM, the General Partner of the Genesis I Fund, the principals of SBAM and their respective affiliates may provide management advice and consulting services to the portfolio companies of the Genesis I Fund, and/or serve as officers and/or directors of such portfolio companies, for compensation (and such compensation will *not* be used to offset management fees or performance allocations earned by the SBAM and the Genesis I Fund General Partner, respectively).

The Genesis I Fund pays to SBAM a monthly management fee equal to 2% annually, and, subject to performance, makes a 20% annual performance allocation to the general partner of the Genesis I Fund, which is owned by related persons of SBAM, subject to a high water mark and an 8% hurdle. Such fees are generally not negotiable, and there are no specific provisions regarding refunds or terminations prior to expiration.

Prospective investors in the Genesis I Fund should review the offering memorandum for the Genesis I Fund for a more complete description of the terms of the fund and a description of certain risks of investing in the fund.

The Genesis II Fund commenced operations in May 2009, and employs substantially the same investment strategy as the Genesis I Fund and operates under substantially the same terms as described above; provided that the Genesis II Fund charges an operational fee (in addition to the monthly management fee) equal to the greater of (i) approximately 0.000667% (1/15 of 1% monthly) of the net assets of the Genesis II Fund or (ii) \$10,416.66 per month (\$125,000 annually).

Prospective investors in the Genesis II Fund should review the offering memorandum for the Genesis II Fund for a more complete description of the terms of the fund and a description of certain risks of investing in the fund.

In February 2014 the investment advisor of the Genesis I and Genesis II Funds delivered a letter to the Funds' investors informing them that the general partner had determined to suspend withdrawals from the Funds.

#### Vantage Point Partners, LP

The Vantage Point Fund commenced operations in March 2009. Subject to the developments discussed below, the Vantage Point Fund invests primarily in high yield and distressed debt.

The Vantage Point Fund pays to SBAM a monthly management fee equal to 2% annually, and, subject to performance, will make a 20% annual performance allocation to the general partner of the Vantage Point Fund, which is owned by related persons of SBAM, subject to a high water mark. The Vantage Point Fund charges an operational fee (in addition to the monthly management fee) equal to the greater of (i) approximately 0.000667% (1/15 of 1% monthly) of the net assets of the Vantage Point Fund or (ii) \$10,416.66 per month (\$125,000 annually). Such fees are generally not negotiable, and there are no specific provisions regarding refunds or terminations prior to expiration.

In December 2011 the general partner of the Vantage Point Fund delivered a letter to the Fund's investors informing them that the general partner had determined to wind down the Fund, and that in connection therewith the Fund would be making a series of pro rata distributions as the Fund received liquidity from its investments.

#### The Opportunity Technology Fund

SBAM is also the investment adviser to SB Opportunity Technology Institution LLC (the "Opportunity Technology Fund"). The Opportunity Technology Fund accrues an annual advisory fee of 2.0%, payable quarterly in arrears to SBAM. Subject to performance and a high water mark, the member-manager of the Opportunity Technology Fund receives an annual performance allocation equal to 20% of the net profits of the fund. Such fees are generally not negotiable, and there are no specific provisions regarding refunds or terminations prior to expiration. The member-manager is an affiliate of SBAM, and executive officers of SBAM also serve as managers of such member-manager.

In January 2012 the manager of the Opportunity Technology Fund delivered a letter to the Fund's investors informing them that the manager had determined to wind down the Fund, and that in connection therewith the Fund would be making a series of pro rata distributions as the Fund received liquidity from its investments.

C.

SBAM provides advisory services that are appropriate to the strategies employed by the various Funds.

The governing documents of the Funds provide guidance on the type of investing employed with respect to the respective Funds.

D.

SBAM does not participate in wrap fee programs or provide portfolio management services.

E.

As of December 31, 2013, SBAM managed approximately \$64,280,447 of client assets on a discretionary basis, and \$0 of client assets on a non-discretionary basis.

#### Item 5. Fees and Compensation

A.

See Item 4.B. above.

B.

Fees are calculated and deducted from client assets monthly or quarterly by the administrator. See Item 4.B. above.

C.

No fees are charged other than those described in Item 4.B. above. Clients will also incur brokerage and other transaction costs. See also Item 12.

D.

Fees may be paid to SBAM in advance. SBAM will provide a pro rata refund to the Fund in the event it does not manage the assets of the Fund for the full quarter. See also Item 4.B. above.

E.

No supervised person of SBAM accepts compensation for the sale of securities or other investment products in connection with SBAM's advisory services.

#### Item 6. Performance-Based Fees and Side-by-Side Management

~~As described above in Item 4.B. above, SBAM affiliates receive performance based fees. SBAM may be deemed to have conflicts of interest arising from its management of the Funds, including that SBAM may have an incentive to favor the Fund due to the Fund's performance fee structure. SBAM allocates trades based on the respective strategies of the Funds and the related suitability and does not take into account the fee structures of the respective clients in connection with trade allocation.~~

Performance based fees can only be offered to "qualified clients." The term *qualified client* generally means:

- i. A natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;



- ii. A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
  - A. Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse, but excluding the primary residence) of more than \$2,000,000 at the time the contract is entered into; or
  - B. Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 at the time the contract is entered into; or
- iii. A natural person who immediately prior to entering into the contract is:
  - A. An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or
  - B. An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

#### Item 7. Types of Clients

SBAM generally provides investment advice to pooled investment vehicles such as the Funds, as described above.

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

A.

SBAM uses a variety of methods of analysis and investment strategies in formulating investment advice. Strategies are discussed above in Item 4.B. Methods of analysis include asset valuation, enterprise valuation, securities valuation, cash flow analysis, EBITDA analysis and other standard investment analysis metrics. Investing in securities involves risk of loss that clients should be prepared to bear.

B.

The following risk factors enumerated below may not be a complete enumeration thereof and there may be other risk factors not cited herein below that could have a material adverse affect on the investment business of SBAM.

Genesis I and II Funds (together, the “Genesis Partnership”)

Prospective investors in the Genesis Partnership should review the offering memorandum for the Genesis Partnership for a more complete description of the terms of the fund and a description of certain risks of investing in the fund.

## Genesis Partnership Risks

*Dependence upon the General Partner, SBAM and the Principals.* The Genesis Partnership's success will depend on the management of the General Partner and SBAM, which are controlled by SBAM's principals. If any one or more of the principals should cease to participate in the Genesis Partnership's business, the Genesis Partnership's ability to select attractive investments and manage its portfolio could be severely impaired.

*Limited Operating History.* The Genesis Partnership commenced operations in October 2007, and therefore has limited operating history upon which prospective investors may evaluate the Genesis Partnership's future performance. Although SBAM has been in operation since July 1998, any prior performance of SBAM is not necessarily indicative of results it may obtain in the future for the Genesis Partnership.

*Limited Liquidity of Interests.* An investment in the Genesis Partnership involves substantial restrictions on liquidity and its interests are not freely transferable. There is no market for the interests in the Genesis Partnership, and no market is expected to develop. Additionally, transfers are subject to the consent of the General Partner, which consent may be granted or withheld in the General Partner's sole discretion. Consequently, Limited Partners will be unable to liquidate their interests except by withdrawing from the Genesis Partnership in accordance with the Genesis Partnership Agreement. Limited Partners may be unable to liquidate their investment promptly in the event of an emergency or for any other reason. Although a Limited Partner may attempt to increase its liquidity by borrowing from a bank or other institution, interests may not readily be accepted as collateral for a loan. In addition, the transfer of an interest as collateral or otherwise to achieve liquidity may result in adverse tax consequences to the transferor.

*Lack of Registration.* The interests in the Genesis Partnership have neither been registered under the Securities Act of 1933 (the "Securities Act") nor under the securities or "blue sky" laws of any state and, therefore, are subject to transfer restrictions.

*Withdrawal of Capital.* Limited Partners right to withdraw their interest is restricted. For example, Limited Partners are subject to an early withdrawal fee, must provide notice before withdrawing interests and may only withdraw on specified withdrawal dates. The General Partner may also suspend withdrawals under certain circumstances.

Substantial withdrawals by investors within a short period of time could require the Genesis Partnership to liquidate investments more rapidly than would otherwise be desirable, possibly reducing the value of the Genesis Partnership's assets and/or disrupting the Genesis Partnership's investment strategy. Reduction in the size of the Genesis Partnership could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Genesis Partnership's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

*Limitations on Withdrawals.* The General Partner, in its discretion, may suspend or postpone the payment of any withdrawals from capital accounts (i) during the existence of any state of affairs which, in the opinion of the General Partner, makes the disposition of the Genesis Partnership's investments impractical or prejudicial to the Partners, or where such state of affairs, in the opinion of the General Partner, makes the determination of the price or value of the Genesis Partnership's investments impractical or prejudicial to the Partners; (ii) where any withdrawals or distributions, in the opinion of the General Partner, would result in the violation of any applicable law or regulation; or (iii) for such other reasons or for such other periods as the General Partner may in good faith determine. In the event that

Limited Partners, in the aggregate, request withdrawals of 15% or more of the aggregate balances of the Genesis Partnership's capital accounts as of any withdrawal date, the requested amounts may, in the sole discretion of the General Partner, be reduced to an amount equal to 15% of the aggregate capital account balances of the Genesis Partnership as of such date, and satisfied on a pro rata basis, based on the respective amounts of requested withdrawals of capital by each withdrawing Limited Partner. In the interim, all of the remaining capital in such Limited Partner's capital account shall remain subject to the performance of the Genesis Partnership.

*Withdrawals, Resignation and Transfers by General Partner.* The General Partner and/or its principals and affiliates may withdraw all or any of the value in their respective capital accounts at any time, from time to time, without the consent of or notice to any of the Limited Partners. The Genesis Partnership Agreement provides that the General Partner may resign at any time upon 30 days' notice to the Limited Partners. Upon such resignation of the General Partner, or upon its bankruptcy or dissolution, the remaining Limited Partners have the right to appoint a substitute general partner; otherwise, the Genesis Partnership shall be dissolved. The Genesis Partnership Agreement also permits the General Partner to appoint additional general partners and to transfer its general partner interest to an affiliate without the consent of Limited Partners.

*General Partner's Right to Dissolve the Genesis Partnership or Expel Limited Partner.* The General Partner has the right to dissolve the Genesis Partnership at any time upon 30 days' notice to the Limited Partners. Accordingly, there is a risk that if the Genesis Partnership's assets become depleted and, as a result, the management fee and performance allocation become minimal, the General Partner may elect to dissolve the Genesis Partnership and distribute its remaining assets. The General Partner also has the right to expel a Limited Partner at any time, with or without cause, upon five days' notice. Such mandatory withdrawal or expulsion could result in adverse tax and/or economic consequences to affected Limited Partners. No person will have any obligation to reimburse any portion of a Limited Partner's losses – upon dissolution, expulsion, withdrawal or otherwise.

*Operating Deficits.* The expenses of operating the Genesis Partnership (including the management fee) may exceed its income, thereby requiring that the difference be paid out of the Genesis Partnership's capital, reducing the Genesis Partnership's investments and potential for profitability.

*No Distributions.* The General Partner does not intend to make distributions to the Limited Partners, but intends instead to reinvest substantially all Genesis Partnership income and gain, if any. Cash that might otherwise be available for distribution will also be reduced by payment of Genesis Partnership obligations, payment of Genesis Partnership expenses (including fees payable and expense reimbursements to the General Partner and SBAM) and establishment of appropriate reserves. As a result, if the Genesis Partnership is profitable, Limited Partners in all likelihood will be credited with Genesis Partnership net income, and will incur the consequent income tax liability (to the extent that they are subject to income tax), even though Limited Partners receive little or no Genesis Partnership distributions.

*Investment Expenses.* The investment expenses (e.g., expenses related to the due diligence and execution costs (including legal fees) of investments, and commissions to brokers related thereto) of the Genesis Partnership, as well as other applicable fees, may in the aggregate constitute a high percentage relative to other investment entities. The Genesis Partnership will bear these costs regardless of its profitability.

*Performance Allocation.* The performance allocation creates an incentive for SBAM, an affiliate of the General Partner, to effect transactions in investments that are riskier or more speculative than would be the case in the absence of such an allocation. Additionally, since the performance

allocation is calculated on a basis which includes unrealized appreciation of the Genesis Partnership's assets, it is possible that the General Partner may receive a performance allocation based (in whole or in part) upon unrealized appreciation in particular positions which is not in fact achieved upon eventual disposition of such investments.

*Broad Discretionary Power to Choose Investments and Strategies.* SBAM has broad discretionary power to decide what investments the Genesis Partnership will make and what strategies it will use. While SBAM currently intends to use a structured credit strategy, it is not obligated to do so, and it may choose any other investments and strategies that it believes are advisable.

*No Participation in Management.* Except as provided in the Investment Advisory Agreement with SBAM (the "Investment Advisory Agreement"), the management of the Genesis Partnership's operations is vested solely in the General Partner. The Limited Partners have no right to take part in the conduct or control of the business of the Genesis Partnership. In connection with the management of the Genesis Partnership's business, each of the General Partner, SBAM and the principals will devote only such time to Genesis Partnership matters as it, in its sole discretion, deems appropriate.

*Limitation of Liability and Indemnification of the General Partner, SBAM and Affiliates.* The Genesis Partnership Agreement provides that the General Partner (and, in certain cases, its principals, members, managers, officers, employees, agents and affiliates) shall be indemnified against, and shall not be liable for, any loss or liability incurred by such persons relating to the business of the Genesis Partnership, so long as such loss or liability did not arise from conduct determined by a final, non-appealable court of competent jurisdiction to constitute gross negligence or willful misconduct. The Investment Advisory Agreement also provides similar protections to SBAM. Therefore, a Limited Partner may have a more limited right of action against the General Partner and SBAM (and certain of their respective affiliates) than a Limited Partner would have had absent these provisions in the Genesis Partnership Agreement and Investment Advisory Agreement.

*No Minimum Size of Genesis Partnership.* The Genesis Partnership may begin and maintain operations without attaining or maintaining any particular level of capitalization. At low asset levels, the Genesis Partnership may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale. It is possible that even if the Genesis Partnership operates for a period with substantial capital, investors' withdrawals could diminish the Genesis Partnership's assets to a level that does not permit the most efficient and effective implementation of the Genesis Partnership's investment program. As a result of losses or withdrawals, the Genesis Partnership may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by SBAM.

*Portfolio Valuation.* Valuations of the Genesis Partnership's portfolio, which will affect the amount of the management fee and the performance allocation, involve significant uncertainties and determinations based on judgments. Because of the inherent uncertainty of valuing investments not traded on public exchanges, such as the investments that are expected to constitute the large majority of the Genesis Partnership's portfolio, the valuation may differ significantly from the value that will ultimately be realized on such investments, or the value that would have been used had a public market for the investment existed, and these differences could be material. Even third-party pricing information may at times not be available regarding certain of these investments. A disruption in the secondary markets for the Genesis Partnership's investments may limit the ability of the Genesis Partnership to obtain accurate market quotations for purposes of valuing its investments. In addition, material events occurring after the close of a secondary market upon which a portion of the investments of the Genesis Partnership are traded may require SBAM to make a determination of the effect of a material event on the value of the investments traded on the market for purposes of determining the value of the Genesis

Partnership's investments on a valuation date. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by the Genesis Partnership from time to time, the liquidation values of the Genesis Partnership's securities and other investments may differ significantly from the interim valuations of these investments derived from the valuation methods described herein. If the Genesis Partnership's valuation should prove to be incorrect, the value of the Genesis Partnership's investments could be materially and adversely affected.

In the event the General Partner is provided with, or otherwise comes into possession of, information which leads the General Partner to determine that one or more valuations of Genesis Partnership assets for a prior period are inaccurate, the General Partner may adjust or amend such prior valuations as the General Partner deems appropriate, and adjust or amend any reports or statements of the Genesis Partnership (whether or not previously issued) with respect to such prior periods.

*Liability of a Limited Partner for the Return of Capital Contributions.* If the Genesis Partnership should become insolvent, the Partners may be required to return any property distributed to them at the time the Genesis Partnership was insolvent, and forfeit their capital accounts.

*Delayed Schedule K-1s.* The General Partner will endeavor to provide a Schedule K-1 to each Limited Partner for any given calendar year prior to April 15 of the following year. In the event that the Schedule K-1 is not available by such date, a Limited Partner will have to pay taxes based on an estimated amount.

*Lack of Insurance.* The assets of the Genesis Partnership are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured by the United States Federal Deposit Insurance Corporation and such deposits are subject to such insurance coverage (which, in any event, is limited in amount). Therefore, in the event of the insolvency of a depository or custodian, the Genesis Partnership may be unable to recover all of its funds.

*Possible Agreements with Certain Limited Partners and Other Investors.* The Genesis Partnership and the General Partner may from time to time enter into agreements with one or more Limited Partners whereby in consideration for agreeing to invest certain amounts in the Genesis Partnership and/or other consideration deemed material by the General Partner, such Limited Partners may be granted favorable rights not afforded to other Limited Partners or investors generally. Such rights may include one or more of the following: special rights to make future investments in the Genesis Partnership, the other investment vehicles or managed accounts, as appropriate; special withdrawal rights, relating to frequency, notice and/or other terms; rights to receive reports from the Genesis Partnership on a more frequent basis or that include information not provided to other Limited Partners (including, without limitation, more detailed information regarding positions); rights to receive reduced rates of the performance allocation and/or management fee; rights to receive a share of the performance allocation, management fee or other amounts earned by the General Partner or its affiliates; and such other rights as may be negotiated between the Genesis Partnership and such Limited Partners. The Genesis Partnership and the General Partner may enter into such agreements without the consent of or notice to the other Limited Partners.

In addition, the General Partner may from time to time enter into similar agreements with one or more managed account investors. It should be noted that managed account investors are typically provided with additional transparency with respect to the investment positions of the managed accounts and may be provided with real-time, direct access to the managed accounts portfolio positions, on a negotiated, case-by-case basis.

## Market Risks

*Competition.* The securities industry and the varied strategies and techniques to be engaged in by SBAM are extremely competitive and each involves a degree of risk. The Genesis Partnership will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

*Market Volatility.* The profitability of the Genesis Partnership substantially depends upon SBAM correctly assessing the movements of interest rates and the future price movements of the various classes of assets that will serve as collateral, and in equity, fixed income, commodities and other markets. The Genesis Partnership cannot guarantee that SBAM will be successful in accurately predicting price and interest rate movements.

*Genesis Partnership's Investment Activities.* The Genesis Partnership's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by SBAM. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The markets may be volatile, which may adversely affect the ability of the Genesis Partnership to realize profits. As a result of the nature of the Genesis Partnership's investing activities, it is possible that the Genesis Partnership's financial performance may fluctuate substantially from period to period. In particular, at any given time a number of investments in the Genesis Partnership's portfolio may be the subject of ongoing workouts and restructurings. While workouts and restructurings may represent opportunities for the Genesis Partnership, there can be no guarantee that such workouts and restructurings will enhance returns or succeed, or that full liquidity will be available upon a withdrawal request.

*Concentration of Investments.* SBAM's investment program contemplates a focused investment portfolio – both in terms of the aggregate number of investment positions to be held in the Genesis Partnership's portfolio and, potentially, the number of sectors or industries to which such positions relate. SBAM does not subject the portfolio to any formal policies regarding diversification with respect to particular borrowers, geographic regions, industries, property types or otherwise. The concentration of the Genesis Partnership's portfolio would subject the Genesis Partnership to a greater degree of risk with respect to the failure of one or a few investments, or with respect to economic downturns in relation to an individual industry, borrower, region or property type.

*Inflation Risk.* The Genesis Partnership's portfolio is currently expected to consist of mostly fixed income investments. Accordingly, the Genesis Partnership faces inflation risk, which results from the variation in the value of cash flows from a financial instrument due to inflation, as measured in terms of purchasing power. For example, if the Genesis Partnership purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, the Genesis Partnership is exposed to inflation risk because the interest rate the obligor promises to pay is fixed for the life of the financial instrument. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

*Market or Interest Rate Risk.* The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If the Genesis Partnership holds a fixed income security to maturity, the change in its price before maturity may have little impact on the Genesis Partnership's performance. However, if the Genesis Partnership desires to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Genesis Partnership.

*General Credit Risks Associated with Loans.* While loans originated by the Genesis Partnership or its affiliates are intended to be collateralized, the Genesis Partnership may be exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien are all of great importance. The Genesis Partnership cannot guarantee the adequacy of the protection of the Genesis Partnership's interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Genesis Partnership cannot assure that claims may not be asserted that might interfere with enforcement of the Genesis Partnership's rights. In the event of a foreclosure, the Genesis Partnership or an affiliate of the Genesis Partnership may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Genesis Partnership. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

*Lower Credit Quality Loans.* There are no formal restrictions on the credit quality of the Genesis Partnership's loans. Loans may be deemed to have substantial vulnerability to default in payment of interest and/or principal. Certain of these loans may have large uncertainties or major risk exposures to adverse conditions, and may be considered to be predominantly speculative. Generally, such loans offer a higher return potential than better quality loans, but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these loans also tend to be more sensitive to changes in economic conditions than better quality loans.

*Ability to Acquire Loans on Advantageous Terms; Competition and Supply.* The Genesis Partnership's success will depend, in part, on the Genesis Partnership's ability to acquire loans on advantageous terms. In purchasing loans, the Genesis Partnership will compete with a broad spectrum of lenders, many of which have substantially greater financial resources and are more well-known than the Genesis Partnership. Increased competition for, or a diminishment in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors.

*Fraud.* Of paramount concern in originating and making loans is the possibility of material misrepresentation or omission on the part of a borrower, originator or third party service provider. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Genesis Partnership to perfect or effectuate a lien on the collateral securing the loan. The Genesis Partnership relies to some extent upon the accuracy and completeness of representations made by borrowers, originators and third party service providers (as applicable), but cannot guarantee that such representations are accurate or complete. Under certain circumstances, payments to the Genesis Partnership may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

*Claims of Lender Liability and Equitable Subordination.* Because of the nature of certain of the Genesis Partnership's lending practices, the Genesis Partnership could be subject to allegations of lender liability or "equitable subordination." The common law principle of lender liability is based upon the premise that an institutional lender has violated an implied or contractual duty of good faith and fair dealing owed to the borrower or a fiduciary duty owed to the borrower, its other creditors or shareholders as a result of the lending institution assuming a certain degree of control over the borrower through any loans that it has made. Moreover, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court, in its discretion, may elect

to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." A significant number of the Genesis Partnership's investments may involve investments in which the Genesis Partnership will not be the lead creditor. It is possible for claims of lender liability or equitable subordination to affect the Genesis Partnership's investments without the Genesis Partnership being directly involved.

*Real Estate Risk.* The value of the real estate which underlies mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines. Furthermore, the properties which will secure loans originated or purchased by the Genesis Partnership may be suffering varying degrees of financial distress or may be located in economically distressed areas. Loans may become non-performing for a wide variety of reasons and may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. However, even if such restructuring were successfully accomplished, a risk exists that upon maturity of such mortgage loan, replacement "take-out" financing will not be available.

It is possible that the Genesis Partnership may find it necessary or desirable to foreclose on certain real estate loans. The real estate foreclosure process is often lengthy and expensive. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses against the Genesis Partnership, including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action and force the lender into a modification of the loan or a favorable buy-out of the borrower's position. In some states, foreclosure actions can sometimes take several years or more to litigate. At any time prior to or during the foreclosure proceedings the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the mortgaged property and may result in disrupting the ongoing leasing, management and operation of the property.

*Real Estate Industry Considerations.* The Genesis Partnership is expected to make loans collateralized by real estate. Therefore, an investment in the Genesis Partnership is subject to certain risks associated with the real estate industry in general. These risks include, among others: (i) possible declines in the value of real estate; (ii) risks related to general and local economic conditions; (iii) possible lack of availability of mortgage funds; (iv) overbuilding; (v) extended vacancies of properties; (vi) increases in competition, property taxes and operating expenses; (vii) changes in zoning laws; (viii) costs resulting from the cleanup of, and liability to third parties for damages resulting from, environmental problems; (ix) casualty or condemnation losses; (x) inadequate insurance coverage, the failure of an insurer to pay on a claim or the insolvency of an insurer; (xi) risks from floods, hurricanes, earthquakes or other natural disasters, including uninsured damages and re-designation of previously designated "non-flood" areas; (xii) risks of future terrorist attacks; (xiii) limitations on and variations in rents; and (xiv) changes in interest rates. To the extent that the Genesis Partnership's investments, or the assets underlying or collateralizing the Genesis Partnership's investments, are concentrated geographically, by property type or in certain other respects, the Genesis Partnership may be subject to certain of the foregoing risks to a greater extent.

*Environmental Hazards.* Under environmental laws enacted by federal and state governments, owners of property may be liable for the cleanup and removal of hazardous substances even where the present owner was not responsible for placing the hazardous substances on the property or where the property was contaminated prior to the time the owner took title. Although SBAM will typically retain environmental inspectors, if any property acquired by the Genesis Partnership through



purchase or foreclosure is found to have an environmental problem, the Genesis Partnership could incur substantial costs and suffer a complete loss of its investment in such property as well as other Genesis Partnership assets.

*Structured Finance Securities.* The Genesis Partnership may invest in structured finance securities, such as, for example, equipment trust certificates, collateralized mortgage obligations, collateralized bond obligations, collateralized loan obligations or similar instruments. Structured finance securities may present risks similar to those of the other types of investments in which the Genesis Partnership may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance security will be affected by a variety of factors, including (a) its priority in the capital structure of the issuer thereof, (b) the availability of any credit enhancement, (c) the level and timing of payments and recoveries on and the characteristics of the underlying receivables, (d) loans or other assets that are being securitized, (e) remoteness of those assets from the originator or transferor, (f) the adequacy of and ability to realize upon any related collateral, and (g) the capability of the servicer of the securitized assets.

Structured finance securities are typically separated into groupings known as “tranches”, representing different degrees of credit quality. The higher rated tranches have a greater degree of protection and pay lower interest rates. The lower rated tranches pay higher interest rates, but are exposed to greater risk; if the underlying borrowers default, the Genesis Partnership may lose its entire investment.

*Participations.* The Genesis Partnership may participate in a loan originated by a third party lender. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that the third party may at any time have economic or business interests or goals that are inconsistent with those of the Genesis Partnership, or may be in a position to take action contrary to the Genesis Partnership’s investment objectives. In addition, the Genesis Partnership may be liable for actions of its co-lenders. When the Genesis Partnership engages in such indirect investments, fees may be payable to such third parties by the Genesis Partnership, in addition to the fees already payable to the General Partner and SBAM by the Genesis Partnership.

*Borrowing by the Genesis Partnership; Use of Leverage.* When deemed appropriate by SBAM and subject to applicable regulations, the Genesis Partnership may incur leverage in its investment program by borrowing money from banks or other institutions, which greatly increases the potential loss of capital. The Genesis Partnership may provide collateral to the entity from which it borrows by registering or pledging the assets of the Genesis Partnership in the names of such entities or their nominees. This procedure exposes the Genesis Partnership to the risk that for whatever reason, including, without limitation, the default, insolvency, negligence, misconduct or fraud of such banks, the Genesis Partnership will not reacquire the ownership of such assets upon the repayment by the Genesis Partnership of such loans. Also, the Genesis Partnership will be unable to reacquire such assets if the Genesis Partnership defaults on such loans. The Genesis Partnership’s failure or inability to reacquire such assets from the banks in whose name the assets are registered in support of a loan could entangle the Genesis Partnership in protracted litigation and, potentially, result in the complete loss of such assets. While SBAM will cause the Genesis Partnership to borrow money only from banks or other institutions it believes to be creditworthy, there can be no absolute certainty that such institutions will return such assets to the Genesis Partnership upon the repayment of such loans.

The Genesis Partnership may also incur leverage indirectly through investment in certain types of financial instruments with inherent leverage, such as (without limitation) puts, calls and warrants.

which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities.

If the amount of leverage which the Genesis Partnership may have outstanding at any one time is large in relation to its capital, fluctuations in the performance of the Genesis Partnership's portfolio will have disproportionately large effects in relation to the Genesis Partnership's capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional leverage will generally cause the net asset value of the Genesis Partnership to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the leveraged capital fails to cover their cost to the Genesis Partnership, the net asset value of the Genesis Partnership will generally decline faster than would otherwise be the case. Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

*Call Option Risk.* Many bonds, mortgage-backed securities and other fixed income instruments contain a provision that allows the issuer to "call" all or part of the issue before the fixed income instrument's maturity date. The borrower usually retains this right to refinance the fixed income instrument in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable fixed income instrument is not known with certainty. Second, because the borrower will call the fixed income instruments when interest rates have dropped, the Genesis Partnership is exposed to reinvestment rate risk – it will have to reinvest the proceeds received when the fixed income instrument is called at lower interest rates. Finally, the capital appreciation potential of a fixed income instrument will be reduced because the price of a callable fixed income instrument may not rise much above the price at which the borrower may call the fixed income instrument.

*Hedging Transactions.* SBAM currently may seek to hedge (to the extent it may be possible to do so) against fluctuations in the relative values of certain of its portfolio positions as a result of changes in interest rates, in currency exchange rates and in the equities, commodities and futures markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Genesis Partnership to hedge against a fluctuation at a price sufficient to protect the Genesis Partnership's assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying instruments or assets. Accordingly, options on highly volatile instruments or assets may be more expensive than options on other instruments or assets and of limited utility in hedging against fluctuations in their prices.

SBAM is not obligated to establish hedges for portfolio positions and may not do so; such hedging may also not be feasible or practicable in connection with many of the Genesis Partnership's portfolio positions. To the extent that hedging transactions are effected, their success is dependent on SBAM's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

*Options and Other Derivative Instruments.* SBAM may invest, from time to time, in options and derivative instruments, including buying and writing puts and calls on some of the securities held by the Genesis Partnership in an attempt to supplement income derived from those securities. The

prices of many derivative instruments, including many options and swaps, are highly volatile. The value of options and swap agreements depend primarily upon the price of the securities, indexes, commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also 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. The Genesis Partnership is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument or asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by the Genesis Partnership were permitted to expire without being sold or exercised, the Genesis Partnership would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold to the Genesis Partnership at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by the Genesis Partnership at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing "uncovered" options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Genesis Partnership of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

*Short Sales.* The Genesis Partnership's investment program contemplates that it may, from time to time, sell securities short. Short selling involves the sale of a security that the Genesis Partnership does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the Genesis Partnership must borrow securities from a third party lender. The Genesis Partnership subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or

by purchasing securities in the open market. The Genesis Partnership must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the Genesis Partnership a fee for the use of the Genesis Partnership's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Genesis Partnership may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

*Investments in Non-U.S. Investments.* The Genesis Partnership's investment program contemplates that a portion of its portfolio may be invested, from time to time, in non-U.S. loans and other non-U.S. assets. Such investments give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. borrowers and markets are subject. Such risks may include:

- Political or social instability, the seizure by non-U.S. governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some non-U.S. countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against non-U.S. governments.
- Non-U.S. loans and other assets often trade in currencies other than the U.S. dollar, and the Genesis Partnership may directly hold non-U.S. currencies and purchase and sell non-U.S. currencies through forward exchange contracts. Changes in currency exchange rates will affect the Genesis Partnership's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Genesis Partnership's investments to decline. Some non-U.S. currencies are particularly volatile. Non-U.S. governments may intervene in the currency markets, causing a decline in value or liquidity of the Genesis Partnership's non-U.S. currency holdings. If the Genesis Partnership enters into forward non-U.S. currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Genesis Partnership enters forward contracts for the purpose of increasing return, it may sustain losses.
- Non-U.S. loans, securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Non-U.S. countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of borrowers in such markets.

*Emerging Markets.* The Genesis Partnership may from time to time invest a portion of its assets in loans, debt securities and other investments issued by companies located in emerging market countries. The securities markets of emerging market countries as a whole have been volatile and the loans and securities of issuers in emerging markets tend to be subject to abrupt or erratic price movements. Investing a significant portion of the Genesis Partnership's assets in issuers in emerging markets will make the Genesis Partnership susceptible to a greater degree than otherwise would be the case to factors affecting emerging markets in general and issuers in emerging markets included in the Genesis Partnership's portfolio in particular, and may increase the volatility of the value of the Genesis Partnership's portfolio investments. The risks of non-U.S. investments described above apply to an even greater extent to investments in emerging markets. The economies of these markets may differ significantly from the economies of certain developed countries in such respects as GDP or gross national product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency, structural unemployment and balance of payments position. In particular, these economies frequently experience high levels of inflation. In addition, such countries may have: restrictive national policies that limit the Genesis Partnership's investment opportunities; limited information about their issuers; a general lack of uniform accounting, auditing and financial reporting standards, auditing practices and requirements compared to the standards of developed countries; less governmental supervision and regulation of business and industry practices, securities exchanges, brokers and listed companies; favorable economic developments that may be slowed or reversed by unanticipated political or social events in such countries; or a lack of capital market structure or market-oriented economy. Systemic and market factors may affect the acquisition, payment for or ownership of investments including: (a) the prevalence of crime and corruption; (b) the inaccuracy or unreliability of business and financial information; (c) the instability or volatility of (1) banking and financial systems, or the absence or inadequacy of an infrastructure to support such systems, (2) custody and settlement infrastructure of the market in which such investments are traded and held, and (3) the acts, omissions and operation of any securities depository; (d) the risk of the bankruptcy or insolvency of banking agents, counterparties to cash and securities transactions, registrars or transfer agents; and (e) the existence of market conditions that prevent the orderly execution or settlement of transactions or that affect the value of assets. Different clearance and settlement procedures may prevent the Genesis Partnership from making intended security purchases causing the Genesis Partnership to miss attractive investment opportunities, possibly resulting in either losses to or contract claims against the Genesis Partnership. The investment markets of many of the countries in which the Genesis Partnership may invest may also be smaller, less liquid, and subject to greater price volatility than developed markets. The Genesis Partnership's assets may be denominated in a variety of currencies subject to changes in currency exchange rates and in exchange control regulations.

*Distressed Investments.* The Genesis Partnership's investment program contemplates the possibility that it may invest in "**Distressed Investments**". Distressed Investments shall mean loans, securities, private claims and other obligations of entities which are experiencing significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, Genesis Partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. Distressed Investments may result in significant returns to the Genesis Partnership, but also involve a substantial degree of risk. The Genesis Partnership may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the Genesis Partnership's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility and the spread between the bids and asked prices of such instruments may be greater than

normally expected. In trading Distressed Investments, litigation sometimes arises. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

*Risks Associated with Loans to Companies in Distressed Situations.* The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Genesis Partnership will correctly evaluate the value of the assets collateralizing the Genesis Partnership's loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company that the Genesis Partnership funds, the Genesis Partnership may lose all or part of the amounts advanced to the borrower or may be required to accept collateral with a value less than the amount of the loan advanced by the Genesis Partnership to the borrower.

*Investments in Securities and Other Assets Believed to be Undervalued.* SBAM's investment program contemplates that a portion of the Genesis Partnership portfolio may be invested in loans and other assets that SBAM believes to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from the Genesis Partnership's investments may not adequately compensate for the business and financial risks assumed. It is likely that a major economic recession could severely disrupt the market for such investments and severely impact on their value. In addition, it is likely that any such economic downturn could adversely affect the ability of the borrowers to repay principal and pay interest thereon and increase the incidence of default for such loans. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, the Genesis Partnership may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Genesis Partnership's funds would be committed to the investments made, thus possibly preventing the Genesis Partnership from investing in other opportunities.

*Investments in Private, Small Capitalization and Unseasoned Companies.* SBAM's investment program contemplates that a portion of the Genesis Partnership's portfolio will be invested in private companies or in small and/or unseasoned public companies with small market capitalization. While these companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and/or competitive strength of larger and/or more established companies.

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If the Genesis Partnership holds publicly traded securities of any such company, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. Due to the lower trading volume of smaller company securities, the Genesis Partnership may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time when making large sales.

*Risks Associated with Restricted Securities.* Restricted Securities are expected to be a component of the Genesis Partnership's investment strategy. Some risks specifically associated with these types of investments include the following:

*Liquidity Risk.* The Genesis Partnership's returns will depend upon its ability to sell in the public market Restricted Securities once they are no longer restricted. The Genesis Partnership will be able to sell those securities only when a resale registration statement covering the securities is effective

or under SEC Rule 144 promulgated under the Securities Act (“**Rule 144**”). The issuer typically must file a registration statement shortly after the transaction has closed. However, the effectiveness of that registration may be delayed by various events or circumstances, including, for example, a lengthy SEC review of the registration statement or regulatory inquiries into the issuer. That effectiveness, and the ability to sell under Rule 144, may also be delayed or interrupted if the issuer fails to timely file all reports required by the Securities Exchange Act of 1934, as amended, or if the issuer fails to meet certain types of financial obligations. Although related documents may require the issuer to pay damages to purchasers if the resale registration statement is not effective within a certain period of time, there is no assurance that the registration statement will become effective, that the Genesis Partnership will be able to sell the securities, or that it will be able to recover the specified damages. Even after a resale registration statement becomes effective, the Genesis Partnership’s ability to sell the securities may be limited by market and other conditions, and it may take longer for the Genesis Partnership to realize returns than SBAM originally anticipated.

*Contractual Risk.* The Genesis Partnership will typically enter into contracts with issuers of Restricted Securities which require, among other things, the issuer to file a registration statement upon the expiration of a specified period after the transaction closes. If an issuer were to fail to honor its contractual obligations, it could have a negative impact on the Genesis Partnership’s performance, and the Genesis Partnership will be responsible for bearing the costs of seeking injunctive and/or legal relief against the issuer.

*Valuation Risk.* During the period before the effective date of the resale registration statement, the Restricted Securities and other instruments that the Genesis Partnership acquired through the transaction will be valued in SBAM’s discretion in accordance with the valuation methodology of the Genesis Partnership. Because issuers often are small capitalization companies and characterized by financial uncertainty, information about them on which to base valuation judgments is often less readily available than is information about other securities and their issuers. If an issuer’s financial condition were to deteriorate, accurate financial and business information could become even more limited or entirely unavailable. Additionally, SBAM may face conflicts of interest in making valuation decisions. As a result of these and other factors, there can be no assurance that the valuation of the Genesis Partnership’s Restricted Securities reflected in the Genesis Partnership’s records will accurately reflect the value the Genesis Partnership could realize if it were to sell the securities. Any inaccuracies could cause the Genesis Partnership to experience significant losses.

*Regulatory Compliance of Issuer.* An issuer may be required under some circumstances to obtain prior approval for the transaction from its shareholders and/or the securities exchange on which the issuer’s common stock is listed. An issuer must also comply with applicable private offering regulations. If the issuer were to fail to comply with applicable requirements, it is possible that, among other things, the relevant exchange could cause the delisting of the company’s securities and, effectively, the loss of the Genesis Partnership’s investment. In the course of the Genesis Partnership’s investment program, regulations may be enacted, or SEC actions may be taken, that affect the Genesis Partnership’s ability to obtain liquidity or to profit from the investment.

*Risk of Regulatory Scrutiny and Legal Proceedings.* Investment activities in connection with certain types of Restricted Securities are becoming the subject of increased scrutiny by the SEC and other regulators. It is possible that the Genesis Partnership could become involved in an inquiry regarding its investment activities. Such inquiries may entail significant costs, which would be borne by the Genesis Partnership.

*Underwriter Risk.* It is possible that, in reselling Restricted Securities, the Genesis Partnership could be deemed an “underwriter” within the meaning of the Securities Act. Underwriters are

subject to various securities law requirements and may be deemed responsible for the accuracy of the information contained in a resale registration statement, possibly subjecting the Genesis Partnership to liability for any inaccuracies, misstatements or omissions.

*Transaction Costs.* In entering into a transaction involving Restricted Securities, the Genesis Partnership may be required to conduct substantial due diligence on the issuer and to review and negotiate certain documents and agreements. These activities may increase the Genesis Partnership's transaction costs, relative to transaction costs relating to investments in typical publicly-traded securities.

*Material Non-Public Information.* By reason of their responsibilities in connection with other activities of SBAM, the General Partner and/or their affiliates, certain principals or employees of SBAM, the General Partner and/or their affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Genesis Partnership will not be free to act upon any such information. Due to these restrictions, the Genesis Partnership may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

*Accuracy of Public Information.* SBAM may, from time to time, select investments for the Genesis Partnership on the basis of information and data filed by borrowers or issuers with various government regulators, or made directly available to SBAM through other sources. Although SBAM may sometimes evaluate such information and data, and sometimes seeks independent corroboration when SBAM considers it is appropriate and when it is reasonably available, SBAM is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if such information is inaccurate.

*Risk of Default or Bankruptcy of Third Parties.* The Genesis Partnership will engage in transactions in loan participations, securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, the Genesis Partnership could suffer losses if a counterparty to a transaction were to default or if the market for certain loan participations, securities, commodities, other financial instruments and/or other assets were to become illiquid. In addition, the Genesis Partnership could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Genesis Partnership does business, or to which loan participations, securities, commodities, other financial instruments and/or other assets have been entrusted for custodial purposes. For example, if the Genesis Partnership's custodian were to become insolvent or file for bankruptcy, the Genesis Partnership could suffer significant losses with respect to any securities held by such firm.

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## **Regulatory and Statutory Risks**

*Strategy Restrictions.* Certain institutions may be restricted from directly utilizing investment strategies of the type the Genesis Partnership may engage in. Such institutions should consult their own advisors, counsel and accountants.

*Trading Limitations.* For all investments listed on an exchange, including listed options, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Genesis Partnership to loss related thereto. Also, such a suspension could render it impossible for SBAM to liquidate positions and thereby expose the Genesis Partnership to potential losses relating to withdrawals by Limited Partners.



*Limitations on Regulatory Oversight.* The Genesis Partnership is not registered as an “investment company” under the Investment Company Act of 1940, as amended (“**Investment Company Act**”). SBAM is not registered as a commodity pool operator with the CFTC. The offer and sale of the interests in the Genesis Partnership will not be registered under the Securities Act. Consequently, Limited Partners will not benefit from some of the protections to which they would otherwise be afforded.

*State and Local Regulation.* The Genesis Partnership will be subject to the separate regulations pertaining to commercial private lenders, specific property types or specific types of borrowers in each particular state, county or municipality. The Genesis Partnership may fail to comply with all of such regulations, or may incur significant costs in complying with such regulations.

*Loan Documents.* There may be unfavorable changes to bankruptcy law, or to state law or judicial interpretation of loan documents regarding the priority and enforceability of liens on guaranties or collateral securing mortgage loans. Further, the enforceability of loan documents is subject to and may be limited by bankruptcy courts or federal bankruptcy legislation or other statutes affecting the rights of creditors generally.

*Usury Laws.* Although SBAM intends for the loans to be fully compliant with law, the terms of the loans may be determined by a court to be usurious.

*Tax Risk.* The tax aspects of an investment in the Genesis Partnership are complicated and each investor should have them reviewed by professional advisers familiar with such investor’s personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. The Genesis Partnership is not intended and should not be expected to provide any tax shelter, but is organized as a limited partnership to permit any distributions it might make to be made without being taxed as dividends.

*Tax-Exempt Entities.* Certain prospective Limited Partners may be subject to federal and state laws, rules and regulations which may regulate their participation in the Genesis Partnership, or their engaging, directly or indirectly through an investment in the Genesis Partnership, in investment strategies of the types which the Genesis Partnership utilizes from time to time. Each type of exempt organization may be subject to different laws, rules and regulations, and prospective Limited Partners should consult with their own advisers as to the advisability and tax consequences of an investment in the Genesis Partnership. In particular, exempt organizations should consider the applicability to them of the provisions relating to “unrelated business taxable income.” Investments in the Genesis Partnership by entities subject to ERISA and other tax-exempt entities require special consideration.

C.

SBAM does not recommend primarily a particular type of security.

#### Item 9. Disciplinary Information

A.

None

B.

In May 2005, Martin Sands executed an Illinois Consent Order. Specifically, Martin Sands signed a Stipulation to Enter Consent Order of Withdrawal based on the finding that he was suspended by the

NYSE. Section 8.E(1)(j) of the Illinois Securities Act provides, inter alia, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Securities Exchange Act of 1934, as amended, or the Commodity Exchange Act, as amended, arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization. Martin Sands consented to withdraw his registration as a salesperson in the State of Illinois and submitted a check for \$750.00 payable to the Secretary of State, Investors Education Fund, which constituted the reimbursement to the Secretary of State of certain costs incurred in the administration of the Order.

In July 2006, in connection with the former broker-dealer SB & Co., the NASD entered a Decision & Order and Offer of Settlement in connection with allegations that Steven Sands, acting on behalf of the firm, did not file the required application for approval for the transfer of customer accounts and permitted an individual to actively engage in activities at the firm that required registration when the individual was not so registered. Without admitting or denying the allegations, Mr. Sands consented to the entry of findings and to a penalty of a fine of \$100,000, jointly and severally with another broker-dealer, and suspension from association with any FINRA member in a principal capacity for 60 days. Mr. Sands has fully complied with the penalty.

In May 2007 a Connecticut state regulatory proceeding was filed against SBAM alleging that SBAM violated the Connecticut Order. That action sought the entry of a cease and desist order as well as civil penalties and claiming violations associated with the reporting requirements under the Connecticut Order. Specifically, SBAM, for two years, was required to notify the Connecticut Division Director in writing each calendar quarter of any securities-related complaints, actions or proceedings (including arbitrations and updates thereto) involving SBAM and/or its affiliates, which occur during the quarter, including the disposition thereof. The State of Connecticut claimed that SBAM failed to properly report the disposition status of two pending NASD arbitrations and a state regulatory/registration matter regarding the State of Illinois (see above). SBAM contended that the allegation involved inadvertent reporting violations and a lack of communication between SBAM and the State of Connecticut. In settlement of the foregoing, SBAM paid a fine and administrative costs totaling \$42,500, and agreed to retain an independent consultant to conduct periodic compliance reviews and to report to the Connecticut Banking Department any complaints, actions or proceedings and any resignation or termination of the Chief Compliance Officer.

In October 2010 SBAM and Martin Sands and Steven Sands settled administrative proceedings alleging violations of Sections 204 and 207 of the Investment Advisers Act of 1940 and Rules 204-1 and 204-2 thereunder, relating to books and records and Form ADV pursuant to an SEC inspection that commenced in 2004. Prior to the notice of the proceedings from the SEC neither SBAM nor Messrs. Sands had received any formal communication from the SEC in the matter since late 2005. In settlement, SBAM and Messrs. Sands entered into a cease and desist agreement, were censured and paid a penalty of \$60,000.

C.

In October 2000, the NYSE issued a panel decision finding that SB & Co. and Martin Sands had engaged in violations of certain rules of the NYSE and/or the SEC pertaining to books and records, net capital, disclosure, supervision and just and equitable principles of trade. SB & Co. agreed to a censure, certain undertakings and a \$400,000 penalty. Martin Sands was censured, fined and suspended by the NYSE for a 90-day period from supervisory duties for his failure to reasonably discharge certain supervisory responsibilities at SB & Co. Mr. Sands fully complied with the 2000 NYSE Order.

In October 2003 a stipulation and consent to penalty was filed by NYSE Division of Enforcement. Without admitting or denying guilt, Martin Sands consented to findings by the hearing panel that he

engaged in conduct inconsistent with just and equitable principles of trade in that he purchased options in a particular stock for an account of a trust for the benefit of family members prior to the completion of an order by a customer to purchase one million shares of such stock, when he knew or was reckless in not knowing that a significant portion of the customer's order had not been completed. Martin Sands consented to the imposition by the NYSE of the penalty of a censure and a bar for a period of four months from membership, allied membership, approved person status and employment or association in any capacity with any member or member organization, and a fine of \$50,000. As noted in the hearing panel's decision, when the subject trade was noticed by the firm's compliance department, it was immediately reversed and at Mr. Sands' direction the situation was reported promptly to the NYSE. There was never any effort on the part of anyone connected with the firm to conceal the transaction. Mr. Sands has fully complied with the penalty.

D.

The following is a description of the material changes that were made to this Firm Brochure since its last annual amendment on March 1, 2014.

The Disciplinary information section was amended to disclose that on or about October 29, 2014, Sands Brothers Asset Management, LLC ("SBAM") and two of its principals Martin Sands ("M. Sands") and Steven Sands ("S. Sands," and collectively, the "respondents") were named as respondents in an Order Instituting Administrative Proceedings (the "OIP") by the Securities and Exchange Commission (the "SEC") alleging violations of Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, as amended (the "Advisers Act") for failure to timely distribute audited financial statements to the investors of the pooled investment vehicles managed by SBAM in violation of the "Custody Rule" - Rule 206(4)-2 under Section 206(4) of the Advisers Act, and M.S Sands and S. Sands with willfully aiding and abetting and causing SBAM's violations of Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder. The respondents intend to vigorously defend the allegations contained in the OIP.

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

A.

Hugh Marasa, Director of Marketing of SBAM, is a registered representative of a broker-dealer.

B.

Not applicable

C.

Not applicable

D.

Not applicable

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

A.

SBAM has adopted a code of ethics pursuant to SEC rule 204A-1. The code of ethics sets forth SBAM's standards of business conduct, covering, among other things, prohibited conduct, privacy of client information, personal securities transactions, conflicts of interest, service as a director, reporting

violations, training, review and enforcement, the whistleblower policy, the distribution of the code of ethics, books and records and safeguarding sensitive information.

SBAM will provide a copy of its code of ethics to any client or prospective client upon request.

B.

Not applicable to the best knowledge of SBAM.

C.

Not applicable to the best knowledge of SBAM.

D.

Not applicable to the best knowledge of SBAM.

#### Item 12. Brokerage Practices

A. and B.

Transactions in securities for the Funds will be executed through brokers selected by SBAM in its sole discretion. In placing portfolio transactions in securities, SBAM will seek to obtain the best execution for the Funds, taking into account the following and other factors: 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 and the efficiency of error resolution; taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; special execution capabilities; clearance; settlement; reputation; on-line pricing; block trading and block positioning capabilities; willingness to execute related or unrelated difficult transactions in the future; order of call; on-line access to computerized data regarding clients' accounts; performance measurement data; the quality, comprehensiveness and frequency of available research and related services considered to be of value; the availability of stocks to borrow for short trades and the competitiveness of commission rates in comparison with other brokers satisfying SBAM's other selection criteria. SBAM is not required to weigh any of these factors equally. Since commission rates in the United States are negotiable, SBAM's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in the Funds being charged higher transaction costs (commissions or markups or markdowns) than they could otherwise obtain.

SBAM has full discretion to determine the investments to be made by the Funds, subject to the investment objective and strategy descriptions in the offering documents of the Funds. SBAM has the discretion to choose broker-dealers and the commissions to be paid, subject to the duty to obtain best execution.

If and to the extent the Funds acquire portfolio investments that are publicly traded securities, options, futures and other financial instruments (i.e., investments typically other than loan investments), SBAM is responsible for the execution of such trades and the negotiation of any commissions and other compensation paid to third parties on such transactions. Such transactions are normally executed through brokers on exchanges or from an underwriter or market maker. Purchases of portfolio instruments through brokers involve commissions to the brokers. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the ask price. SBAM will not commit to provide any level of brokerage business to any broker. SBAM may utilize the services of one or more introducing brokers who will execute the Funds' brokerage transactions through the broker and custodian who will clear the Funds' transactions.

SBAM may aggregate purchase and sale orders of investments held by a Fund with similar orders being made simultaneously for other Funds if, in SBAM's reasonable judgment, such aggregation is reasonably

likely to result in an overall economic benefit to the Fund based on an evaluation that the Fund will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors.

In other instances, the purchase or sale of investments for a Fund will be effected simultaneously with the purchase or sale of like investments for other Funds. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at SBAM's sole discretion, and the Fund may be charged or credited, as the case may be, with the average transaction price.

Although not currently the practice, SBAM may allocate brokerage on the basis of a broker's agreement to pay all or part of certain research-related expenses of SBAM and/or its affiliates, provided such expenses qualify for a "safe harbor" provision under Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, to the extent such allocations result in the payment by such brokers of expenses that would otherwise be borne by SBAM or its affiliates, it will realize an economic benefit from such allocations and may be deemed to have a financial conflict of interest with the Funds. The payment by such brokers of such expenses may provide an incentive to select or recommend the broker-dealer paying such expenses, which may represent a conflict with the clients' interests in receiving most favorable execution. SBAM will not attempt to allocate, as between any Fund and any other managed investment vehicles or accounts, particular items of expenses paid relative to the Fund or account generating the particular commission revenues utilized for payment of such expenses, except in limited circumstances when deemed appropriate. Accordingly, because brokerage services may benefit clients that have not paid for the brokerage services, brokerage allocations from a Fund may also have the effect of indirectly benefiting other clients, vehicles and accounts managed by SBAM or its affiliates.

Neither SBAM nor the Funds have received any soft dollar benefits over the last fiscal year.

The Funds may direct a portion of their securities brokerage business to Laidlaw & Co. (UK), Ltd. ("Laidlaw"), a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA"). Certain of SBAM's related persons' family members hold indirect economic interests in Laidlaw.

#### Item 13. Review of Accounts

A. and B.

The Funds' portfolios and investment opportunities are monitored by SBAM personnel, including Senior Portfolio Managers and Portfolio Managers, on a continuous basis.

C.

Investors in the Funds receive periodic reports of Fund performance, typically on a quarterly basis (though annually with respect to some small funds), and annual audited financial statements of the Fund.

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

A.

Not applicable

B.

SBAM or a related person may pay to persons who refer investors to the Funds a portion of the management fees and/or performance allocations received with respect to such investors.

When marketed through a broker-dealer, there may be a sales commission of up to 5%, which may be deducted from the subscriber's investment. When introduced through certain third-party solicitors, SBAM may pay the solicitors a percentage of its own management and performance fee, in which case there will be no additional charge to the investor. Alternatively, there may be situations, with the agreement of the subscriber, in which the subscriber will be assessed a separate charge to pay a solicitor's fee.

Item 15. Custody

Clients should carefully review the monthly, quarterly or annual account statements they will receive.

Item 16. Investment Discretion

Pursuant to the execution of the investment advisory agreements by the applicable parties, SBAM has full discretion to determine the investments to be made by the Funds, subject to the investment objective and strategy descriptions in the offering documents of the Funds.

Item 17. Voting Client Securities

SBAM's proxy voting procedures are as follows:

**PROXY VOTING PROCEDURES**

**Proxy Voting Policy.** To the extent SBAM determines to vote proxies, SBAM is committed to voting proxies in a manner consistent with the best interests of its clients. As a result, it is the general policy of SBAM when it determines to vote proxies to vote proxies of public and private operating companies in accordance with the following guidelines:

<u>Proxy Proposal Issue</u>	<u>Firm's Voting Policy</u>
Routine Election of Directors	For
Issuance of Authorized Common Stock	Case By Case
Stock Repurchase Plans	For
Reincorporation	Case By Case
Director Indemnification	For
Require Shareholder approval to issue Preferred Stock	For
Require Shareholder approval to issue Golden Parachutes	For
Require Shareholder approval of Poison Pill	For
Shareholders' Right to Call Special Meetings	For
Shareholders' Right to Act by Written Consent	For
Shareholder Ability to Remove Directors With or Without Cause	For
<del>Shareholders Electing Directors to Fill Board Vacancies</del>	<del>For</del>
Majority of Independent Directors	For
Board Committee Membership exclusively of Independent Directors	For
401(k) Savings Plans for Employees	For
Anti-greenmail Charter or By-laws Amendments	For
Corporate Name Change	For
Ratification of Auditors	For
Supermajority Vote Requirement	Against
Blank Check Preferred	Against
Dual Classes of Stock	Against
Staggered or Classified Boards	Against
Fair Price Requirements	Against
Limited Terms for Directors	Case by Case

Require Director Stock Ownership	Against
Reprice	
Management Options	Against
Adopt/Amend Stock Option Plan	Case by Case
Adopt/Amend Employee Stock Purchase Plan	Case by Case
Approve Merger/Acquisition	Case by Case
Spin-offs	Case by Case
Corporate Restructurings	Case by Case
Asset Sales	Case by Case
Liquidations	Case by Case
Adopt Poison Pill	Against
Golden Parachutes	Against
Executive/Director Compensation	Case by Case
Social Issues	Case by Case
Contested Election of Directors	Case by Case
Stock Based Compensation for Directors	Case by Case
Increase authorized shares	Case by Case
Tender Offers	Case by Case
Preemptive Rights	Case by Case
Debt Restructuring	Case by Case

It is the policy of SBAM to vote proxies of Funds and other private investment funds on a case-by-case basis.

**Proxy Voting Procedures.** Unless agreed otherwise between SBAM and a client, SBAM will generally have the responsibility of voting proxies received by SBAM on behalf of its clients. Proxy proposals received by SBAM and designated above as “For” or “Against” will generally be voted by SBAM in accordance with the Proxy Voting Policy. Proxy proposals received by SBAM and designated above as “Case by Case” (or not addressed) will be reviewed by a **Manager** or the **Chief Compliance Officer**, and voted in his or her best judgment in consideration of the interests of the client. Notwithstanding the foregoing, SBAM may vote a proxy contrary to the proxy voting guidelines if a **Manager** or the **Chief Compliance Officer** in his or her best judgment determines that such action is in the interests of the client.

In addition, SBAM may choose not to vote proxies in certain situations or for certain clients, such as (i) where a client has informed SBAM that it wishes to retain the right to vote the proxy, (ii) where SBAM deems the cost of voting would exceed any anticipated benefit to the client, (iii) where the proxy is received for a client account that has been terminated, (iv) where a proxy is received by SBAM for a security it no longer manages on behalf of a client, or (v) otherwise in SBAM’s discretion.

The **Managers** will have the responsibility of ensuring that SBAM complies with the Proxy Voting Policy.

#### **Conflicts of Interest**

SBAM may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships it maintains with persons having an interest in the outcome of certain votes. SBAM, its affiliates and/or its employees may also occasionally have business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships.

If at any time, a **Manager** or the **Chief Compliance Officer** becomes aware of potential or actual conflict of interest relating to a particular proxy proposal, such **Manager** and/or the **Chief Compliance Officer** shall cause SBAM to handle the proposal as follows:

1. If the proposal is designated in this Proxy Voting Policy as “For” or “Against,” and SBAM determines to vote on the proposal in accordance therewith, SBAM will so vote; but if SBAM determines to vote otherwise, the **Chief Compliance Officer** will cause the client to be notified of such conflict and will cause the proxy to be voted in accordance with the client’s instructions; or
2. If the proposal is designated in this Proxy Voting Policy as “Case by Case” (or not addressed), the **Chief Compliance Officer** will cause the client to be notified of such conflict and will cause the proxy to be voted in accordance with the client’s instructions. In the case of Funds, the proposal will be thoroughly reviewed by SBAM and voted in the best interests of the Fund or, in the discretion of SBAM, will not be voted by SBAM.

**Proxy Voting Records.** In accordance with Rule 204-2 adopted under the Advisers Act, SBAM will maintain the following records in connection with SBAM’s Proxy Voting Policy and procedures:

1. a copy of the Proxy Voting Policy;
3. a record of each vote SBAM casts on behalf of a client (which recordkeeping may be fulfilled by third parties undertaking to provide the voting information to SBAM);
4. records of client requests for proxy voting information, including a copy of each written client request for information on how SBAM voted proxies on behalf of the requesting client, and a copy of any written response by SBAM to any (written or oral) client request for information on how SBAM voted proxies on behalf of the requesting client; and
5. any documentation created by SBAM that was material to making a decision on how to vote, or that memorialized the basis for the voting decision.

The foregoing records will be maintained and preserved for a period of two years from the end of the fiscal year during which the last entry was made on such record. Thereafter, the records will be maintained and preserved, in an easily accessible place, for an additional three years.

**Disclosure to Clients.** A description of the Proxy Voting Policy will be provided to a client at the inception of SBAM-client relationship, as well as upon the written request of a client to SBAM. In addition, information regarding how a client’s proxies were voted by SBAM will be provided to a client upon written request to SBAM.

Item 18. Financial Information

Not applicable

Item 19. Requirements for State-Registered Advisers

Not applicable





UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:

Attached is a copy of an amendment to Form ADV, application for registration as an investment adviser, received in this Commission on March 27, 2014, under the name of Sands Brothers Management LLC, File No. 801-55699, pursuant to the provisions of the Investment Advisers Act of 1940.

on file in this Commission

10/06/2014

Date

CHRISTOPHER PERRY

Digitally signed by CHRISTOPHER PERRY  
DN: c=US, o=U.S. Government, ou=Securities and Exchange Commission, cn=CHRISTOPHER PERRY, o.8.2342.19200300.100.1.1=500C1001797089  
Date: 2014.10.06 16:42:47 -0400

Christopher D. Perry, Management and Program Analyst

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

Secretary

# FORM ADV

## UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION AND REPORT BY EXEMPT REPORTING ADVISERS

Primary Business Name: SANDS BROTHERS ASSET MANAGEMENT LLC

CRD Number: [REDACTED]

Annual Amendment - All Sections  
3/ 27/ 2014 11:43:31 AM

Rev. 10/ 2012

**WARNING:** Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 4.

### Item 1 Identifying Information

Responses to this Item tell us who you are, where you are doing business, and how we can contact you.

A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):  
**SANDS BROTHERS ASSET MANAGEMENT LLC**

B. Name under which you primarily conduct your advisory business, if different from Item 1.A.:  
**SANDS BROTHERS ASSET MANAGEMENT LLC**

*List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.*

C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.), enter the new name and specify whether the name change is of  
 your legal name or  your primary business name:

D. (1) If you are registered with the SEC as an investment adviser, your SEC file number: [REDACTED]  
(2) If you report to the SEC as an *exempt reporting adviser*, your SEC file number:

E. If you have a number ("CRD Number") assigned by the FINRA's CRD system or by the IARD system, your CRD number: [REDACTED]

*If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.*

### F. Principal Office and Place of Business

(1) Address (do not use a P.O. Box):

Number and Street 1:

Number and Street 2:

[REDACTED]

[REDACTED]

City:

State:

Country:

ZIP+4/Postal Code:

[REDACTED]

[REDACTED]

UNITED STATES

[REDACTED]

If this address is a private residence, check this box:

List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for SEC registration, if you are registered only with the SEC, or if you are reporting to the SEC as an exempt reporting adviser, list the largest five offices in terms of numbers of employees.

(2) Days of week that you normally conduct business at your principal office and place of business:

Monday - Friday  Other:

Normal business hours at this location:

9 AM TO 5 PM

(3) Telephone number at this location:

[REDACTED]

(4) Facsimile number at this location:

[REDACTED]

G. Mailing address, if different from your principal office and place of business address:

Number and Street 1:

Number and Street 2:

[REDACTED]

City:

State:

Country:

ZIP+4/Postal Code:

[REDACTED]

Connecticut

UNITED STATES

[REDACTED]

If this address is a private residence, check this box:

H. If you are a sole proprietor, state your full residence address, if different from your principal office and place of business address in Item 1.F.:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

Yes No

I. Do you have one or more websites?

If "yes," list all website addresses on Section 1.I. of Schedule D. If a website address serves as a portal through which to access other information you have published on the web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail (e-mail) addresses in response to this Item.

J. Provide the name and contact information of your Chief Compliance Officer: If you are an exempt reporting adviser, you must provide the contact information for your Chief Compliance Officer, if you have one. If not, you must complete Item 1.K. below.

Name:

Other titles, if any:

CHRISTOPHER KELLY

CCO

Telephone number:

Facsimile number:

[REDACTED]

[REDACTED]

Number and Street 1:

Number and Street 2:

[REDACTED]

City: [REDACTED] State: Connecticut Country: UNITED STATES ZIP+4/Postal Code: [REDACTED]

Electronic mail (e-mail) address, if Chief Compliance Officer has one:  
[REDACTED]

K. Additional Regulatory Contact Person: If a person other than the Chief Compliance Officer is authorized to receive information and respond to questions about this Form ADV, you may provide that information here.

Name: \_\_\_\_\_ Titles: \_\_\_\_\_  
 Telephone number: \_\_\_\_\_ Facsimile number: \_\_\_\_\_  
 Number and Street 1: \_\_\_\_\_ Number and Street 2: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Country: \_\_\_\_\_ ZIP+4/Postal Code: \_\_\_\_\_

Electronic mail (e-mail) address, if contact person has one:

L. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*? Yes No

*If "yes," complete Section 1.L. of Schedule D.*

M. Are you registered with a *foreign financial regulatory authority*? Yes No

*Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes," complete Section 1.M. of Schedule D.*

N. Are you a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934? Yes No

*If "yes," provide your CIK number (Central Index Key number that the SEC assigns to each public reporting company):*

O. Did you have \$1 billion or more in assets on the last day of your most recent fiscal year? Yes No

P. Provide your *Legal Entity Identifier* if you have one:

*A legal entity identifier is a unique number that companies use to identify each other in the financial marketplace. In the first half of 2011, the legal entity identifier standard was still in development. You may not have a legal entity identifier.*

**SECTION 1.B. Other Business Names**

No Information Filed

**SECTION 1.F. Other Offices**

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Section 1.F. for each location. If you are applying for SEC registration, if you are registered only with the SEC, or if you are an *exempt reporting adviser*, list only the largest five offices (in terms of numbers of employees).

Number and Street 1:

[REDACTED]

City:

[REDACTED]

State:

California

Number and Street 2:

[REDACTED]

Country:

UNITED STATES

ZIP+4/Postal Code:

[REDACTED]

If this address is a private residence, check this box:

Telephone Number:

[REDACTED]

Facsimile Number:

[REDACTED]

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Section 1.F. for each location. If you are applying for SEC registration, if you are registered only with the SEC, or if you are an *exempt reporting adviser*, list only the largest five offices (in terms of numbers of employees).

Number and Street 1:

[REDACTED]

City:

[REDACTED]

State:

[REDACTED]

Number and Street 2:

[REDACTED]

Country:

UNITED STATES

ZIP+4/Postal Code:

[REDACTED]

If this address is a private residence, check this box:

Telephone Number:

[REDACTED]

Facsimile Number:

[REDACTED]

**SECTION 1.I. Website Addresses**

List your website addresses. You must complete a separate Schedule D Section 1.I. for each website address.

Website Address:

[REDACTED]

### Item 5 Information About Your Advisory Business - Employees, Clients, and Compensation

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly formed advisers for completing this Item 5.

#### Employees

*If you are organized as a sole proprietorship, include yourself as an employee in your responses to Item 5.A. and Items 5.B. (1), (2), (3), (4), and (5). If an employee performs more than one function, you should count that employee in each of your responses to Items 5.B. (1), (2), (3), (4), and (5).*

- A. Approximately how many *employees* do you have? Include full- and part-time *employees* but do not include any clerical workers.

~~12~~

11

- B. (1) Approximately how many of the *employees* reported in 5.A. perform investment advisory functions (including research)?

4

3

- (2) Approximately how many of the *employees* reported in 5.A. are registered representatives of a broker-dealer?

1

- (3) Approximately how many of the *employees* reported in 5.A. are registered with one or more state securities authorities as investment adviser representatives?

0

- (4) Approximately how many of the *employees* reported in 5.A. are registered with one or more state securities authorities as investment adviser representatives for an investment adviser other than you?

0

- ~~(5) Approximately how many of the *employees* reported in 5.A. are licensed agents of an insurance company or agency?~~

~~0~~

- (6) Approximately how many firms or other *persons* solicit advisory *clients* on your behalf?

0

*In your response to Item 5.B. (6), do not count any of your employees and count a firm only once – do not count each of the firm's employees that solicit on your behalf.*

#### Clients

*In your responses to Items 5.C. and 5.D. do not include as "clients" the investors in a private fund you advise, unless you have a separate advisory relationship with those investors.*

- C. (1) To approximately how many *clients* did you provide investment advisory services during your most recently completed fiscal year?

0

1-10

11-25

26-100

More than 100

If more than 100, how many?  
(round to the nearest 100)

(2) Approximately what percentage of your *clients* are non-United States persons?  
0%

D. For purposes of this Item 5.D., the category "individuals" includes trusts, estates, and 401(k) plans and IRAs of individuals and their family members, but does not include businesses organized as sole proprietorships. The category "business development companies" consists of companies that have made an election pursuant to section 54 of the Investment Company Act of 1940. Unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, check "None" in response to Item 5.D.(1)(d) and do not check any of the boxes in response to Item 5.D.(2)(d).

(1) What types of *clients* do you have? Indicate the approximate percentage that each type of *client* comprises of your total number of *clients*. If a *client* fits into more than one category, check all that apply.

	None	Up to 10%	11- 25%	26- 50%	51- 75%	76- 99%	100%
(a) Individuals (other than <i>high net worth individuals</i> )	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(b) <i>High net worth individuals</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(c) Banking or thrift institutions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(d) Investment companies	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(e) Business development companies	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(f) Pooled investment vehicles (other than investment companies)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(g) Pension and profit sharing plans (but not the plan participants)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(h) Charitable organizations	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(i) Corporations or other businesses not listed above	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(j) State or municipal <i>government entities</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(k) Other investment advisers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(l) Insurance companies	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(m) Other:	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(2) Indicate the approximate amount of your regulatory assets under management (reported in Item 5.F. below) attributable to each of the following type of *client*. If a *client* fits into more than one category, check all that apply.

	None	Up to 25%	Up to 50%	Up to 75%	>75%
(a) Individuals (other than <i>high net worth individuals</i> )	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- (b) *High net worth individuals*
- (c) Banking or thrift institutions
- (d) Investment companies
- (e) Business development companies
- (f) Pooled investment vehicles (other than investment companies)
- (g) Pension and profit sharing plans (but not the plan participants)
- (h) Charitable organizations
- (i) Corporations or other businesses not listed above
- (j) State or municipal *government entities*
- (k) Other investment advisers
- (l) Insurance companies
- (m) Other:

**Compensation Arrangements**

E. You are compensated for your investment advisory services by (check all that apply):

- (1) A percentage of assets under your management
- (2) Hourly charges
- (3) Subscription fees (for a newsletter or periodical)
- (4) Fixed fees (other than subscription fees)
- (5) Commissions
- (6) *Performance-based fees*
- (7) Other (specify):

**Item 5 Information About Your Advisory Business - Regulatory Assets Under Management**

**Regulatory Assets Under Management**

F. (1) Do you provide continuous and regular supervisory or management services to securities portfolios? Yes  No

(2) If yes, what is the amount of your regulatory assets under management and total number of accounts?

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	(a) <del>\$ 72,059,164</del> \$ 64,280,447	(d) 14
Non-Discretionary:	(b) \$ 0	(e) 0
Total:	(c) <del>\$ 72,059,164</del> \$ 64,280,447	(f) 14

*Part 1A Instruction 5.b. explains how to calculate your regulatory assets under management. You must follow these instructions carefully when completing this Item.*



**Item 5 Information About Your Advisory Business - Advisory Activities****Advisory Activities**

G. What type(s) of advisory services do you provide? Check all that apply.

- (1) Financial planning services
- (2) Portfolio management for individuals and/or small businesses
- (3) Portfolio management for investment companies (as well as "business development companies" that have made an election pursuant to section 54 of the Investment Company Act of 1940)
- (4) Portfolio management for pooled investment vehicles (other than investment companies)
- (5) Portfolio management for businesses (other than small businesses) or institutional *clients* (other than registered investment companies and other pooled investment vehicles)
- (6) Pension consulting services
- (7) Selection of other advisers (including *private fund* managers)
- (8) Publication of periodicals or newsletters
- (9) Security ratings or pricing services
- (10) Market timing services
- (11) Educational seminars/workshops
- (12) Other(specify):

*Do not check Item 5.G.(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, including as a subadviser. If you check Item 5.G.(3), report the 811 or 814 number of the investment company or investment companies to which you provide advice in Section 5.G.(3) of Schedule D.*

H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?

- 0
- 1 - 10
- 11 - 25
- 26 - 50
- 51 - 100
- 101 - 250
- 251 - 500
- More than 500

If more than 500, how many?  
(round to the nearest 500)

*In your responses to this Item 5.H., do not include as "clients" the investors in a private fund you advise, unless you have a separate advisory relationship with those investors.*

I. If you participate in a *wrap fee program*, do you (check all that apply):

- (1) *sponsor* the *wrap fee program*?
- (2) act as a portfolio manager for the *wrap fee program*?

*If you are a portfolio manager for a wrap fee program, list the names of the programs and their sponsors in Section 5.I.(2) of Schedule D.*

*If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients, or you advise a mutual fund that is offered through a wrap fee program, do not check either Item 5.I.(1) or 5.I.(2).*

	<b>Yes</b>	<b>No</b>
J. In response to Item 4.B. of Part 2A of Form ADV, do you indicate that you provide investment advice only with respect to limited types of investments?	<input type="radio"/>	<input checked="" type="radio"/>

**SECTION 5.G.(3) Advisers to Registered Investment Companies and Business Development Companies**

No Information Filed

**SECTION 5.I.(2) Wrap Fee Programs**

No Information Filed

Yes No

B. Are you an adviser to any *private fund*?

If "yes," then for each *private fund* that you advise, you must complete a Section 7.B.(1) of Schedule D, except in certain circumstances described in the next sentence and in Instruction 6 of the Instructions to Part 1A. If another adviser reports this information with respect to any such *private fund* in Section 7.B.(1) of Schedule D of its Form ADV (e.g., if you are a subadviser), do not complete Section 7.B.(1) of Schedule D with respect to that *private fund*. You must, instead, complete Section 7.B.(2) of Schedule D.

In either case, if you seek to preserve the anonymity of a *private fund* client by maintaining its identity in your books and records in numerical or alphabetical code, or similar designation, pursuant to rule 204-2(d), you may identify the *private fund* in Section 7.B.(1) or 7.B.(2) of Schedule D using the same code or designation in place of the fund's name.

**SECTION 7.B.(1) Private Fund Reporting**

**A. PRIVATE FUND**

**Information About the Private Fund**

1. (a) Name of *private fund*:  
 [REDACTED]

(b) *Private fund* identification number:  
 (include the "805-" prefix also)  
 [REDACTED]

2. Under the laws of what state or country is the *private fund* organized:

State:	Country:
New York	UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
[REDACTED]

4. The *private fund* (check all that apply; you must check at least one):

- (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
- (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5.

List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?
- (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

- (c) Is this a "feeder fund" in a master-feeder arrangement?
- (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?
- Name of the *Private Fund*:

*Private Fund* Identification Number:  
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

Yes No

8. (a) Is this *private fund* a "fund of funds"?
- (b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

Yes No

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.a.)?

10. What type of fund is the *private fund*?

- hedge fund
  liquidity fund
  private equity fund
  real estate fund
  securitized asset fund
  venture capital fund
  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

~~\$ 354,256~~  
 \$ 247,433

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 250,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:

13

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

5%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

0%

**Your Advisory Services**

17. (a) Are you a subadviser to this *private fund*?

Yes No

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?

0%

**Private Offering**

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund's* Form D file number (if any):

No Information Filed

**B. SERVICE PROVIDERS**

**Auditors**

Yes No

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit?    
 (2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:  
 CORNICK GARBER & SANDLER

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):

City: NEW YORK State: New York Country: UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

Yes No

(g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors?

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes  No  Report Not Yet Received

*If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.*

**Prime Broker**

Yes No

24. (a) Does the *private fund* use one or more prime brokers?

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
STERNE, AGEE & LEACH, INC.

(c) Primary business name of custodian:  
STERNE, AGEE & LEACH, INC.

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):

<div style="background-color: black; width: 100px; height: 20px;"></div>	State: Alabama	Country: UNITED STATES
--	-------------------	---------------------------

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the [redacted] is a broker-dealer, provide its SEC registration number (if any)

CRD Number (if any):

**Administrator**

26. (a) Does the *private fund* use an administrator other than your firm? Yes No

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 1 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):

City:	State:	Country:
GREENWICH	Connecticut	UNITED STATES

(d) Is the administrator a *related person* of your firm? Yes No

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?  
0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes



of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your employees for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

**A. PRIVATE FUND**

**Information About the Private Fund**

1. (a) Name of the *private fund*:  
GENESIS MERCHANT PARTNERS II LLC

(b) *Private fund* identification number:  
(include the "805-" prefix also)

[REDACTED]

2. Under the laws of what state or country is the *private fund* organized:

State: Delaware Country: UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
GENESIS MERCHANT PARTNERS II LP

4. The *private fund* (check all that apply; you must check at least one):

- (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
- (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?
- (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

- Yes No
- (c) Is this a "feeder fund" in a master-feeder arrangement?
- (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

*Private Fund* Identification Number:  
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

- Yes No
8. (a) Is this *private fund* a "fund of funds"?
- (b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

- Yes No
9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?

10. What type of fund is the *private fund*?
- hedge fund  liquidity fund  private equity fund  real estate fund  securitized asset fund  venture capital fund  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

~~\$ 4,052,794~~

\$ 4,246,814

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 500,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:

~~36~~

31

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

21%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

~~18~~

19%

**Your Advisory Services**

17. (a) Are you a subadviser to this *private fund*?

Yes No

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

18. (a) Do any other investment advisers advise the *private fund*?

Yes No

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

19. Are your *clients* solicited to invest in the *private fund*?

Yes No

20. Approximately what percentage of your *clients* has invested in the *private fund*?

0%

**Private Offering**

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund's* Form D file number (if any):

Form D file number

**B. SERVICE PROVIDERS**

**Auditors**

Yes No

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit?

(2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:

CORNICK GARBER & SANDLER

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

Yes No

(g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors?  Yes  No

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes  No  Report Not Yet Received

*If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.*

**Prime Broker**

Yes No

24. (a) Does the *private fund* use one or more prime brokers?  Yes  No

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?  Yes  No

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
STERNE, AGEE & LEACH, INC.

(c) Primary business name of custodian:  
STERNE, AGEE & LEACH, INC.

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):

City: BIRMINGHAM State: Alabama Country: UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?  Yes  No

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)

8 - 11754  
 CRD Number (if any):  
 791

**Administrator**

26. (a) Does the *private fund* use an administrator other than your firm? Yes No

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 2 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
 FUNDADMINISTRATION

(c) Location of administrator (city, state and country):  
 City: RONKONKOMA State: New York Country: UNITED STATES

(d) Is the administrator a *related person* of your firm? Yes No

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?  
 Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."  
 GREENWICH FUND SERVICES

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
 GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):

City: GREENWICH                      State: Connecticut                      Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?                     

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)     Some (provided to some but not all investors)     No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?                     

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

**A. PRIVATE FUND**

**Information About the Private Fund**

1. (a) Name of the *private fund*:

GENESIS MERCHANT PARTNERS LP

(b)

Private fund identification number:  
 (include the "805-" prefix also)



2. Under the laws of what state or country is the *private fund* organized:

State: Delaware Country: UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
GENESIS MERCHANT PARTNERS GP LLC

4. The *private fund* (check all that apply; you must check at least one):

- (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
- (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?

Yes  No

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

(c) Is this a "feeder fund" in a master-feeder arrangement?

Yes  No

(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

*Private Fund* Identification Number:

(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1). for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:



No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

- |   | Yes                   | No                               |
|---|-----------------------|----------------------------------|
| 8. (a) Is this <i>private fund</i> a "fund of funds"?   | <input type="radio"/> | <input checked="" type="radio"/> |
| (b) If yes, does the <i>private fund</i> invest in funds managed by you or by a <i>related person</i> ? | <input type="radio"/> | <input type="radio"/>            |

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

- |   | Yes                   | No                               |
|---|-----------------------|----------------------------------|
| 9. During your last fiscal year, did the <i>private fund</i> invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)? | <input type="radio"/> | <input checked="" type="radio"/> |

10. What type of fund is the *private fund*?
- hedge fund  liquidity fund  private equity fund  real estate fund  securitized asset fund  venture capital fund  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

~~\$ 33,624,504~~

\$ 38,585,304

### Ownership

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 250,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:

~~-~~  
81

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

~~42~~  
13%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-United States persons:

5  
2%

**Your Advisory Services**

Yes No

17. (a) Are you a subadviser to this *private fund*?

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?

0%

**Private Offering**

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund's* Form D file number (if any):

Form D file number  
[REDACTED]

**B. SERVICE PROVIDERS**

**Auditors**

Yes No

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit?

(2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:

CORNICK GARBER & SANDLER

(c) The location of the auditing firm's office responsible for the *private fund*'s audit (city, state and country):

City: NEW YORK State: New York Country: UNITED STATES

(d) Is the auditing firm an *independent public accountant*?

Yes No

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

(g) Are the *private fund*'s audited financial statements distributed to the *private fund*'s investors?

Yes No

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes  No  Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

24. (a) Does the *private fund* use one or more prime brokers?

Yes No

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
STERNE, AGEE & LEACH, INC.

(c) Primary business name of custodian:  
STERNE, AGEE & LEACH, INC.


(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):

City: BIRMINGHAM State: Alabama Country: UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)

  
CRD Number (if any):  
791

**Administrator**

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 2 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

## FUNDADMINISTRATION

(c) Location of administrator (city, state and country):

City:	State:	Country:
RONKONKOMA	New York	UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm? (e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

GREENWICH FUND SERVICES

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):

City:	State:	Country:
GREENWICH	Connecticut	UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm? (e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your employees for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

**A. PRIVATE FUND**

**Information About the Private Fund**

1. (a) Name of the *private fund*:

GRANITE ASSOCIATES LLC

(b) *Private fund* identification number:  
(include the "805-" prefix also)

[REDACTED]

2. Under the laws of what state or country is the *private fund* organized:

State:  
New York

Country:  
UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
ISLAND ASSOCIATES LLC

4. The *private fund* (check all that apply; you must check at least one):

(1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

(2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5.

List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

(c) Is this a "feeder fund" in a master-feeder arrangement?

(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

*Private Fund* Identification Number:  
(include the "805-" prefix also)

\*NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

Yes No

8. (a) Is this *private fund* a "fund of funds"?

(b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

Yes No

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?

10. What type of fund is the *private fund*?

- hedge fund
  liquidity fund
  private equity fund
  real estate fund
  securitized asset fund
  venture capital fund
  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

~~\$ 92,293~~  
 \$ 74,584

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 250,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:

14

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

2%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

0%

**Your Advisory Services**

17. (a) Are you a subadviser to this *private fund*?

Yes No

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.



No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?  
0%

**Private Offering**

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund*'s Form D file number (if any):

No Information Filed

**B. SERVICE PROVIDERS**

**Auditors**

Yes No

23. (a) (1) Are the *private fund*'s financial statements subject to an annual audit?

(2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:  
CORNICK GARBER & SANDLER

(c) The location of the auditing firm's office responsible for the *private fund*'s audit (city, state and country):

City: NEW YORK State: New York Country: UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

- Yes No
- (g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors?
- (h) Does the report prepared by the auditing firm contain an unqualified opinion?
- Yes  No  Report Not Yet Received
- If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.*

**Prime Broker**

- Yes No
24. (a) Does the *private fund* use one or more prime brokers?
- If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

- Yes No
25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?
- If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
STERNE, AGEE & LEACH, INC.

(c) Primary business name of custodian:  
STERNE, AGEE & LEACH, INC.

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):

City: BIRMINGHAM      State: Alabama      Country: UNITED STATES

- Yes No
- (e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)  
 8 - 11754  
 CRD Number (if any):  
 791

**Administrator**

26. (a) Does the *private fund* use an administrator other than your firm? Yes No

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 1 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
 GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):

City:	State:	Country:
GREENWICH	Connecticut	UNITED STATES

(d) Is the administrator a *related person* of your firm? Yes No

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a ~~person, such as an administrator, that is not your related person?~~  
 0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes

of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your employees for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

**A. PRIVATE FUND**

**Information About the *Private Fund***

1. (a) Name of the *private fund*:  
KATIE & ADAM BRIDGE PARTNERS LP  
(b) *Private fund* identification number:  
(include the "805-" prefix also)

8 [REDACTED]

2. Under the laws of what state or country is the *private fund* organized:

State: Delaware Country: UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

**Name of General Partner, Manager, Trustee, or Director**  
K&A BRIDGE PARTNERS CORP.

4. The *private fund* (check all that apply; you must check at least one):

- (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
- (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?
- (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

- (c) Is this a "feeder fund" in a master-feeder arrangement?
- (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?
- Name of the *Private Fund*:

*Private Fund* Identification Number:  
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

8. (a) Is this *private fund* a "fund of funds"?
- (b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

Yes No

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?

10. What type of fund is the *private fund*?

hedge fund  liquidity fund  private equity fund  real estate fund  securitized asset fund  venture capital fund  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

~~\$ 655,598~~

\$ 594,478

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 250,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:

51

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

3%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

0%

**Your Advisory Services**

17. (a) Are you a subadviser to this *private fund*?

Yes No

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?

0%

**Private Offering**

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933? Yes No

22. If yes, provide the *private fund's* Form D file number (if any):

No Information Filed

**B. SERVICE PROVIDERS****Auditors**

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit? Yes No
- (2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:  
CORNICK GARBER & SANDLER

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):

City: NEW YORK                      State: New York                      Country: UNITED STATES

- (d) Is the auditing firm an *independent public accountant*? Yes No
- (e) Is the auditing firm registered with the Public Company Accounting Oversight Board?
- (f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

- (g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors? Yes No
- (h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes  No  Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

Yes No

24. (a) Does the *private fund* use one or more prime brokers?  Yes  No

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?  Yes  No

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
STERNE, AGEE & LEACH, INC.

(c) Primary business name of custodian:  
STERNE, AGEE & LEACH, INC.

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):

City:	State:	Country:
BIRMINGHAM	Alabama	UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?  Yes  No

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)  
8 - 11754  
CRD Number (if any):  
791



**Administrator**

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?  

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 1 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):

City:	State:	Country:
GREENWICH	Connecticut	UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?  (e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

Yes No

28. (a)

Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

A. PRIVATE FUND

Information About the Private Fund

1. (a) Name of the *private fund*:

SANDS BROTHERS VENTURE CAPITAL II, LLC

(b) *Private fund* identification number:

(include the "805-" prefix also)

[REDACTED]

2. Under the laws of what state or country is the *private fund* organized:

State:

Country:

New York

UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
SB VENTURE CAPITAL MANAGEMENT II, LLC

4. The *private fund* (check all that apply; you must check at least one):

(1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

(2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

(c) Is this a "feeder fund" in a master-feeder arrangement?  (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?Name of the *Private Fund*:*Private Fund* Identification Number:

(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed
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NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

8. (a) Is this *private fund* a "fund of funds"?  (b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?  

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?  10. What type of fund is the *private fund*?

hedge fund  liquidity fund  private equity fund  real estate fund  securitized asset fund  venture capital fund  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

~~\$ 4,828,863~~

\$ 2,622,938

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 250,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:

182

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

4

0%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

40%

**Your Advisory Services**

17. (a) Are you a subadviser to this *private fund*?

Yes No

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?

0%

**Private Offering**

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund's* Form D file number (if any):

No Information Filed

## B. SERVICE PROVIDERS

### Auditors

Yes No

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit?

(2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:

CORNICK GARBER & SANDLER

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):

City: NEW YORK State: New York Country: UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

Yes No

(g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors?

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes  No  Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

Yes No

24. (a) Does the *private fund* use one or more prime brokers?

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
STERNE, AGEE & LEACH, INC.

(c) Primary business name of custodian:  
STERNE, AGEE & LEACH, INC.

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):

City:	State:	Country:
BIRMINGHAM	Alabama	UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)

8 - 11754

CRD-Number (if any):

791

**Administrator**

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 2 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

FUNDADMINISTRATION

(c) Location of administrator (city, state and country):

City: RONKONKOMA State: New York Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

GREENWICH FUND SERVICES

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):

City: GREENWICH State: Connecticut Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

- Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

	Yes    No
28. (a) Does the <i>private fund</i> use the services of someone other than you or your <i>employees</i> for marketing purposes?	<input type="radio"/> <input checked="" type="radio"/>

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

**A. PRIVATE FUND**

**Information About the Private Fund**

1. (a) Name of the *private fund*:  
SANDS BROTHERS VENTURE CAPITAL III LLC

(b) *Private fund* identification number:  
(include the "805-" prefix also)

[REDACTED]

2. Under the laws of what state or country is the *private fund* organized:

State:	Country:
New York	UNITED STATES



3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
SB VENTURE CAPITAL MANAGEMENT III LLC

4. The *private fund* (check all that apply; you must check at least one):

- (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
- (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed
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Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?

- (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed
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Yes No

- (c) Is this a "feeder fund" in a master-feeder arrangement?

- (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

*Private Fund* Identification Number:  
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed
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NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it

issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

- |   |  |
|---|--|
|   | Yes No   |
| 8. (a) Is this <i>private fund</i> a "fund of funds"?   | <input type="radio"/> <input checked="" type="radio"/> |
| (b) If yes, does the <i>private fund</i> invest in funds managed by you or by a <i>related person</i> ? | <input type="radio"/> <input type="radio"/>            |

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

- |   |  |
|---|--|
|   | Yes No   |
| 9. During your last fiscal year, did the <i>private fund</i> invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)? | <input type="radio"/> <input checked="" type="radio"/> |

10. What type of fund is the *private fund*?
- hedge fund  liquidity fund  private equity fund  real estate fund  securitized asset fund  venture capital fund  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
- ~~\$ 12,081,461~~  
\$ 6,871,153

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:
- \$ 250,000
- NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:
- 159

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:
- 0%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:
- 0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:
- 38%

**Your Advisory Services**

17. (a) Are you a subadviser to this *private fund*? Yes No

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

18. (a) Do any other investment advisers advise the *private fund*? Yes No

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

19. Are your *clients* solicited to invest in the *private fund*? Yes No

20. Approximately what percentage of your *clients* has invested in the *private fund*?  
0%

**Private Offering**

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933? Yes No

22. If yes, provide the *private fund's* Form D file number (if any):

No Information Filed

**B. SERVICE PROVIDERS**

**Auditors**

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit? Yes No  
   
(2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:  
CORNICK GARBER & SANDLER

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):

City: NEW YORK State: New York Country: UNITED STATES

(d) Is the auditing firm an *independent public accountant*?

Yes No

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

(g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors?

Yes No

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes  No  Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

24. (a) Does the *private fund* use one or more prime brokers?

Yes No

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

Yes No

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

Additional Custodian Information : 1 Record(s) Filed.

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (i) separately for each custodian.

(b) Legal name of custodian:  
 STERNE, AGEE & LEACH, INC.

(c) Primary business name of custodian:  
 STERNE, AGEE & LEACH, INC.

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):  
 City: BIRMINGHAM State: Alabama Country: UNITED STATES

(e) Is the custodian a *related person* of your firm? Yes No

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)  
 8 - 11754  
 CRD Number (if any):  
 791

**Administrator**

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 2 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
 FUNDADMINISTRATION

(c) Location of administrator (city, state and country):  
 City: RONKONKOMA State: New York Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?  
 Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."  
 GREENWICH FUND SERVICES

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
 GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):  
 City: GREENWICH State: Connecticut Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?  Yes  No

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?  
 0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your employees for marketing purposes?  Yes  No

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund*

uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

**A. PRIVATE FUND**

**Information About the Private Fund**

1F (a) Name of the *private fund*:

SANDS BROTHERS VENTURE CAPITAL IV LLC

(b) *Private fund* identification number:  
(include the "805-" prefix also)

[REDACTED]

2. Under the laws of what state or country is the *private fund* organized:

State:  
New York

Country:  
UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
SB VENTURE CAPITAL MANAGEMENT IV LLC

4. The *private fund* (check all that apply; you must check at least one):

- (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
- (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?

Yes  No

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

(c) Is this a "feeder fund" in a master-feeder arrangement?

Yes  No

(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

*Private Fund* Identification Number:  
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

- |   | <b>Yes</b>            | <b>No</b>                        |
|---|-----------------------|----------------------------------|
| 8. (a) Is this <i>private fund</i> a "fund of funds"?   | <input type="radio"/> | <input checked="" type="radio"/> |
| (b) If yes, does the <i>private fund</i> invest in funds managed by you or by a <i>related person</i> ? | <input type="radio"/> | <input type="radio"/>            |

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

- |   | <b>Yes</b>            | <b>No</b>                        |
|---|-----------------------|----------------------------------|
| 9. During your last fiscal year, did the <i>private fund</i> invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)? | <input type="radio"/> | <input checked="" type="radio"/> |

10. What type of fund is the *private fund*?
- hedge fund  
  liquidity fund  
  private equity fund  
  real estate fund  
  securitized asset fund  
  venture capital fund  
  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
- ~~\$ 4,185,693~~
- \$ 2,478,663

Ownership



12. Minimum investment commitment required of an investor in the *private fund*:  
 \$ 250,000  
 NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:  
 24

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:  
 0%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:  
 0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:  
 61%

**Your Advisory Services**

	Yes No
17. (a) Are you a subadviser to this <i>private fund</i> ?	<input type="radio"/> <input checked="" type="radio"/>
(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the <i>private fund</i> . If the answer to question 17(a) is "no," leave this question blank.	
No Information Filed	

	Yes No
18. (a) Do any other investment advisers advise the <i>private fund</i> ?	<input type="radio"/> <input checked="" type="radio"/>
(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the <i>private fund</i> . If the answer to question 18(a) is "no," leave this question blank.	
No Information Filed	

	Yes No
19. Are your <i>clients</i> solicited to invest in the <i>private fund</i> ?	<input type="radio"/> <input checked="" type="radio"/>

20. Approximately what percentage of your *clients* has invested in the *private fund*?  
 0%

**Private Offering**

	Yes No
21. Does the <i>private fund</i> rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?	<input checked="" type="radio"/> <input type="radio"/>

22. If yes, provide the *private fund's* Form D file number (if any):

No Information Filed

B. SERVICE PROVIDERS

**Auditors**

- |  |                                  |                       |
|--|----------------------------------|-----------------------|
|  | Yes                              | No                    |
| 23. (a) (1) Are the <i>private fund's</i> financial statements subject to an annual audit? | <input checked="" type="radio"/> | <input type="radio"/> |
| (2) Are the financial statements prepared in accordance with U.S. GAAP?                    | <input checked="" type="radio"/> | <input type="radio"/> |

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:

CORNICK GARBER & SANDLER

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

(d) Is the auditing firm an *independent public accountant*?

Yes	No
<input checked="" type="radio"/>	<input type="radio"/>

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

<input checked="" type="radio"/>	<input type="radio"/>
----------------------------------	-----------------------

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

<input checked="" type="radio"/>	<input type="radio"/>
----------------------------------	-----------------------

(g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors?

Yes	No
<input checked="" type="radio"/>	<input type="radio"/>

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes  No  Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

24. (a) Does the *private fund* use one or more prime brokers?

Yes	No
<input type="radio"/>	<input checked="" type="radio"/>

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
STERNE, AGEE & LEACH, INC.

(c) Primary business name of custodian:  
STERNE, AGEE & LEACH, INC.

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):  
 City: BIRMINGHAM State: Alabama Country: UNITED STATES

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)  
 ■■■■■  
 CRD Number (if any):  
 ■■■■■

**Administrator**

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 2 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

FUNDADMINISTRATION

(c) Location of administrator (city, state and country):

City: RONKONKOMA State: New York Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

GREENWICH FUND SERVICES

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):

City: GREENWICH State: Connecticut Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

- Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your employees for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

**A. PRIVATE FUND**

**Information About the Private Fund**

1. (a) Name of the *private fund*:  
SANDS BROTHERS VENTURE CAPITAL LLC  
(b) *Private fund* identification number:  
(include the "805-" prefix also)

[REDACTED]

2. Under the laws of what state or country is the *private fund* organized:

State: New York Country: UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

<b>Name of General Partner, Manager, Trustee, or Director</b>
SB VENTURE CAPITAL MANAGEMENT LLC

4. The *private fund* (check all that apply; you must check at least one):
- (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
  - (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

6. (a) Is this a "master fund" in a master-feeder arrangement? Yes No
- (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

- (c) Is this a "feeder fund" in a master-feeder arrangement? Yes No

- (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

*Private Fund* Identification Number:  
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

Yes No

8. (a) Is this *private fund* a "fund of funds"?  Yes  No  
 (b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?  Yes  No

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?  Yes  No

10. What type of fund is the *private fund*?  
 hedge fund  liquidity fund  private equity fund  real estate fund  securitized asset fund  venture capital fund  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

~~\$ 2,690,874~~  
 \$ 2,820,052

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 250,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:

158

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

4  
 0%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

32%

**Your Advisory Services**

Yes No

17. (a) Are you a subadviser to this *private fund*?  Yes  No
- (b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

18. (a) Do any other investment advisers advise the *private fund*?  Yes  No
- (b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

19. Are your *clients* solicited to invest in the *private fund*?  Yes  No

20. Approximately what percentage of your *clients* has invested in the *private fund*?  
%

**Private Offering**

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?  Yes  No

22. If yes, provide the *private fund's* Form D file number (if any):

No Information Filed

**B. SERVICE PROVIDERS**

**Auditors**

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit?  Yes  No
- (2) Are the financial statements prepared in accordance with U.S. GAAP?  Yes  No

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

- (b) Name of the auditing firm:

CORNICK GARBER & SANDLER

- (c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):



City: NEW YORK State: New York Country: UNITED STATES

- |  |                                  |                       |
|--|----------------------------------|-----------------------|
|  | Yes                              | No                    |
| (d) Is the auditing firm an <i>independent public accountant</i> ?   | <input checked="" type="radio"/> | <input type="radio"/> |
| (e) Is the auditing firm registered with the Public Company Accounting Oversight Board?  | <input checked="" type="radio"/> | <input type="radio"/> |
| (f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules? | <input checked="" type="radio"/> | <input type="radio"/> |

- |  |                                  |                       |
|--|----------------------------------|-----------------------|
|  | Yes                              | No                    |
| (g) Are the <i>private fund's</i> audited financial statements distributed to the <i>private fund's</i> investors? | <input checked="" type="radio"/> | <input type="radio"/> |
| (h) Does the report prepared by the auditing firm contain an unqualified opinion?                                  |                                  |                       |

Yes  No  Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

- |   |                       |                                  |
|---|-----------------------|----------------------------------|
|   | Yes                   | No                               |
| 24. (a) Does the <i>private fund</i> use one or more prime brokers? | <input type="radio"/> | <input checked="" type="radio"/> |

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

- |   |                                  |                       |
|---|----------------------------------|-----------------------|
|   | Yes                              | No                    |
| 25. (a) Does the <i>private fund</i> use any custodians (including the prime brokers listed above) to hold some or all of its assets? | <input checked="" type="radio"/> | <input type="radio"/> |

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
STERNE, AGEE & LEACH, INC.

(c) Primary business name of custodian:  
 STERNE AGEE

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):

City: BIRMINGHAM State: Alabama Country: UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?  Yes  No

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)

-  
 CRD Number (if any):

**Administrator.**

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?  Yes  No

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 2 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
 FUNDADMINISTRATION

(c) Location of administrator (city, state and country):

City: RONKONKOMA State: New York Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?  Yes  No

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f)

If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."  
 GREENWICH FUND SERVICES

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
 GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):  
 City: GREENWICH State: Connecticut Country: UNITED STATES

(d) Is the administrator a *related person* of your firm? Yes No

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?  
 Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?  
 0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes? Yes No

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

A. PRIVATE FUND

**Information About the Private Fund**

- 1. (a) Name of the *private fund*:  
SB OPPORTUNITY TECHNOLOGY MANAGEMENT INSTITUTION LLC
- (b) *Private fund* identification number:  
(include the "805-" prefix also)  
[REDACTED]

- 2. Under the laws of what state or country is the *private fund* organized:  
State: New York Country: UNITED STATES

- 3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
SB OPPORTUNITY TECHNOLOGY MANAGEMENT INSTITUTION LLC

- 4. The *private fund* (check all that apply; you must check at least one):  
 (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940.  
 (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

- 5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

- 6. (a) Is this a "master fund" in a master-feeder arrangement? Yes No  
 Yes  No
- (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

- (c) Is this a "feeder fund" in a master-feeder arrangement? Yes No  
 Yes  No
- (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?  
Name of the *Private Fund*:

*Private Fund* Identification Number:  
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

- |   | Yes                   | No                               |
|---|-----------------------|----------------------------------|
| 8. (a) Is this <i>private fund</i> a "fund of funds"?   | <input type="radio"/> | <input checked="" type="radio"/> |
| (b) If yes, does the <i>private fund</i> invest in funds managed by you or by a <i>related person</i> ? | <input type="radio"/> | <input type="radio"/>            |

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

- |   | Yes                   | No                               |
|---|-----------------------|----------------------------------|
| 9. During your last fiscal year, did the <i>private fund</i> invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)? | <input type="radio"/> | <input checked="" type="radio"/> |

10. What type of fund is the *private fund*?
- hedge fund    liquidity fund    private equity fund    real estate fund    securitized asset fund    venture capital fund    Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
- ~~\$ 510,604~~
- \$ 457,143

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 250,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:

46

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

7%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

44%

**Your Advisory Services**

Yes No

17. (a) Are you a subadviser to this *private fund*?

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?

0%

**Private Offering**

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund's* Form D file number (if any):

No Information Filed

B. SERVICE PROVIDERS

**Auditors**

- |  |  |
|--|--|
|  | Yes No   |
| 23. (a) (1) Are the <i>private fund's</i> financial statements subject to an annual audit? | <input checked="" type="radio"/> <input type="radio"/> |
| (2) Are the financial statements prepared in accordance with U.S. GAAP?                    | <input checked="" type="radio"/> <input type="radio"/> |

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:  
LILLING & COMPANY

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):  
City: GREAT NECK State: New York Country: UNITED STATES

(d) Is the auditing firm an *independent public accountant*? Yes No

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board? Yes No

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules? Yes No

(g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors? Yes No

(h) Does the report prepared by the auditing firm contain an unqualified opinion?  
 Yes  No  Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

	Yes No
24. (a) Does the <i>private fund</i> use one or more prime brokers?	<input type="radio"/> <input checked="" type="radio"/>

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
STERNE, AGEE & LEACH, INC.

(c) Primary business name of custodian:  
STERNE, AGEE & LEACH, INC.

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):

City:	State:	Country:
BIRMINGHAM	Alabama	UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)

■■■■■  
CRD Number (if any):  
■■■

**Administrator**

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 1 Record(s) Filed.**



If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):

City: GREENWICH State: Connecticut Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

Yes  No

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your employees for marketing purposes?

Yes  No

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

A. PRIVATE FUND

**Information About the *Private Fund***

1. (a) Name of the *private fund*:  
 SELECT ACCESS (INSTITUTIONAL) LLC

(b) *Private fund* identification number:  
 (include the "805-" prefix also)



2. Under the laws of what state or country is the *private fund* organized:

State: New York Country: UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
SELECT ACCESS MANAGEMENT (INSTITUTIONAL) LLC

4. The *private fund* (check all that apply; you must check at least one):

- (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
- (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

(c) Is this a "feeder fund" in a master-feeder arrangement?

(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

*Private Fund* Identification Number:

(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1) for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

- |   | Yes                              | No                               |
|---|----------------------------------|----------------------------------|
| 8. (a) Is this <i>private fund</i> a "fund of funds"?   | <input checked="" type="radio"/> | <input type="radio"/>            |
| (b) If yes, does the <i>private fund</i> invest in funds managed by you or by a <i>related person</i> ? | <input type="radio"/>            | <input checked="" type="radio"/> |

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

- |   | Yes                   | No                               |
|---|-----------------------|----------------------------------|
| 9. During your last fiscal year, did the <i>private fund</i> invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)? | <input type="radio"/> | <input checked="" type="radio"/> |

10. What type of fund is the *private fund*?
- hedge fund    liquidity fund    private equity fund    real estate fund    securitized asset fund    venture capital fund    Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
- ~~\$ 4,573,903~~  
\$ 2,706,607

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:
- \$ 250,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:

65

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

6%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

14%

**Your Advisory Services**

Yes No

17. (a) Are you a subadviser to this *private fund*?

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?

0%

**Private Offering**

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund's* Form D file number (if any):

No Information Filed

**B. SERVICE PROVIDERS**

**Auditors**

Yes No

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit?  Yes  No  
 (2) Are the financial statements prepared in accordance with U.S. GAAP?  Yes  No

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:  
 LILLING & COMPANY

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):

City: GREAT NECK State: New York Country: UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?  Yes  No

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?  Yes  No

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?  Yes  No

Yes No

(g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors?  Yes  No

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes  No  Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

Yes No

24. (a) Does the *private fund* use one or more prime brokers?  Yes  No

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

No Information Filed

**Administrator**

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 1 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):  
City: GREENWICH State: Connecticut Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?  
 Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?

Yes No

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

**A. PRIVATE FUND**

**Information About the *Private Fund***

1. (a) Name of the *private fund*:

SELECT ACCESS LLC

(b) *Private fund* identification number:

(include the "805-" prefix also)

[REDACTED]

2. Under the laws of what state or country is the *private fund* organized:

State:

New York

Country:

UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
SELECT ACCESS MANAGEMENT LLC

4. The *private fund* (check all that apply, you must check at least one):

(1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

(2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?  Yes  No

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

- (c) Is this a "feeder fund" in a master-feeder arrangement?  Yes  No

(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

*Private Fund* Identification Number:

(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

Yes No

8. (a) Is this *private fund* a "fund of funds"?  Yes  No

(b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?  Yes  No

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

Yes No

9.  Yes  No



During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?

10. What type of fund is the *private fund*?

- hedge fund
  liquidity fund
  private equity fund
  real estate fund
  securitized asset fund
  venture capital fund
  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

~~\$ 1,716,357~~  
 \$ 1,223,428

Ownership

12. Minimum investment commitment required of an investor in the *private fund*:

~~\$ 250,000~~

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:

63

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

~~5~~  
 2%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-United States *persons*:

19%

Your Advisory Services

17. (a) Are you a subadviser to this *private fund*?

Yes No

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes  No

19. Are your *clients* solicited to invest in the *private fund*?

Yes No

Yes  No

20. Approximately what percentage of your *clients* has invested in the *private fund*?  
0%

**Private Offering**

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

Yes  No

22. If yes, provide the *private fund's* Form D file number (if any):

No Information Filed

**B. SERVICE PROVIDERS**

**Auditors**

Yes No

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit?

Yes  No

(2) Are the financial statements prepared in accordance with U.S. GAAP?

Yes  No

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:

LILLING & COMPANY

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):

City: GREAT NECK      State: New York      Country: UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?

Yes  No

(e)

Is the auditing firm registered with the Public Company Accounting Oversight Board?  Yes  No

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?  Yes  No

(g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors?  Yes  No

(h) Does the report prepared by the auditing firm contain an unqualified opinion?  
 Yes  No  Report Not Yet Received  
 If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

24. (a) Does the *private fund* use one or more prime brokers?  Yes  No

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?  Yes  No

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

No Information Filed

**Administrator**

26. (a) Does the *private fund* use an administrator other than your firm?  Yes  No

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

Additional Administrator Information : 1 Record(s) Filed.

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):  
City: GREENWICH State: Connecticut Country: UNITED STATES

(d) Is the administrator a *related person* of your firm? Yes No  
 Yes  No

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?  
 Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?  
0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes? Yes No  
 Yes  No

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

A. PRIVATE FUND

**Information About the *Private Fund***

1. (a) Name of the *private fund*:

SELECT III LLC

(b) *Private fund* identification number:

(include the "805-" prefix also)



2. Under the laws of what state or country is the *private fund* organized:

State:

New York

Country:

UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
SELECT ACCESS MANAGEMENT III LLC

4. The *private fund* (check all that apply; you must check at least one):

(1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

(2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?

Yes  No

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

(c) Is this a "feeder fund" in a master-feeder arrangement?

Yes  No

(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

*Private Fund* Identification Number:

(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1), for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

- |   | Yes                              | No                               |
|---|----------------------------------|----------------------------------|
| 8. (a) Is this <i>private fund</i> a "fund of funds"?   | <input checked="" type="radio"/> | <input type="radio"/>            |
| (b) If yes, does the <i>private fund</i> invest in funds managed by you or by a <i>related person</i> ? | <input type="radio"/>            | <input checked="" type="radio"/> |

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

- |   | Yes                   | No                               |
|---|-----------------------|----------------------------------|
| 9. During your last fiscal year, did the <i>private fund</i> invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)? | <input type="radio"/> | <input checked="" type="radio"/> |

10. What type of fund is the *private fund*?

- hedge fund
  liquidity fund
  private equity fund
  real estate fund
  securitized asset fund
  venture capital fund
  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

~~\$ 1,603,242~~  
\$ 798,967

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 250,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:

48

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

4%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

18%

**Your Advisory Services**

17. (a) Are you a subadviser to this *private fund*? Yes No

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

18. (a) Do any other investment advisers advise the *private fund*? Yes No

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

19. Are your *clients* solicited to invest in the *private fund*? Yes No

20. Approximately what percentage of your *clients* has invested in the *private fund*?

0%

**Private Offering**

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933? Yes No

22. If yes, provide the *private fund's* Form D file number (if any):

No Information Filed

**B. SERVICE PROVIDERS**

**Auditors**

Yes No

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit?  Yes  No  
 (2) Are the financial statements prepared in accordance with U.S. GAAP?  Yes  No

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:  
 LILLING & COMPANY

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):

City: GREAT NECK State: New York Country: UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?  Yes  No

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?  Yes  No

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?  Yes  No

Yes No

(g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors?  Yes  No

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes  No  Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

Yes No

24. (a) Does the *private fund* use one or more prime brokers?  Yes  No

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed



**Custodian**

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
SIGNATURE BANK

(c) Primary business name of custodian:  
SIGNATURE BANK

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):  
City: NEW YORK State: New York Country: UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)

-  
CRD Number (if any):

**Administrator**

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 1 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:  
GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):  
 City: GREENWICH                      State: Connecticut                      Country: UNITED STATES

(d) Is the administrator a *related person* of your firm? Yes No  
 Yes  No

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?  
 Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?  
 0%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

28. (a) Does the *private fund* use the services of someone other than you or your Yes No  
*employees* for marketing purposes?  Yes  No

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

**A. PRIVATE FUND**

**Information About the *Private Fund***

1. (a) Name of the *private fund*:  
 VANTAGE POINT PARTNERS LP  
 (b) *Private fund* identification number:  
 (include the "805-" prefix also)  
 [REDACTED]

2. Under the laws of what state or country is the *private fund* organized:  
 State: Connecticut Country: UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
VANTAGE POINT PARTNERS GP LLC

4. The *private fund* (check all that apply; you must check at least one):  
 (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940  
 (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

6. (a) Is this a "master fund" in a master-feeder arrangement? Yes No  
   
 (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

- (c) Is this a "feeder fund" in a master-feeder arrangement? Yes No  
   
 (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?  
 Name of the *Private Fund*:

*Private Fund* Identification Number:  
 (include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1). for the master-feeder arrangement or reporting on the funds separately.

7.

If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

- |   |                       |                                  |
|---|-----------------------|----------------------------------|
|   | Yes                   | No                               |
| 8. (a) Is this <i>private fund</i> a "fund of funds"?   | <input type="radio"/> | <input checked="" type="radio"/> |
| (b) If yes, does the <i>private fund</i> invest in funds managed by you or by a <i>related person</i> ? | <input type="radio"/> | <input type="radio"/>            |

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

- |   |                       |                                  |
|---|-----------------------|----------------------------------|
|   | Yes                   | No                               |
| 9. During your last fiscal year, did the <i>private fund</i> invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)? | <input type="radio"/> | <input checked="" type="radio"/> |

10. What type of fund is the *private fund*?

- hedge fund  
  liquidity fund  
  private equity fund  
  real estate fund  
  securitized asset fund  
  venture capital fund  
  Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
- ~~\$ 1,088,096~~
- \$ 552,883

**Ownership**

12. Minimum investment commitment required of an investor in the *private fund*:
- \$ 250,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:
- 17

14.

What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

~~10~~  
8%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

4%

**Your Advisory Services**

Yes No

17. (a) Are you a subadviser to this *private fund*?

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?

0%

**Private Offering**

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund's* Form D file number (if any):

Form D file number

021-128378

**B. SERVICE PROVIDERS**

**Auditors**

Yes No

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit?

(2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

**Additional Auditor Information : 1 Record(s) Filed.**

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:

~~CORNICK GARBER & SANDLER~~  
LILLING AND COMPANY

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country):

City: State: Country:  
NEW YORK New York UNITED STATES  
GREAT NECK

(d) Is the auditing firm an *independent public accountant*?

Yes No

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

(g) Are the *private fund's* audited financial statements distributed to the *private fund's* investors?

Yes No

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes  No  Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

**Prime Broker**

24. (a) Does the *private fund* use one or more prime brokers?

Yes No

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

**Custodian**

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

**Additional Custodian Information : 1 Record(s) Filed.**

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:  
INTERACTIVE BROKERS LLC

(c) Primary business name of custodian:  
INTERACTIVE BROKERS LLC

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country):

City:	State:	Country:
GREENWICH	Connecticut	UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)

[REDACTED]

CRD Number (if any):

[REDACTED]

**Administrator**

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

**Additional Administrator Information : 2 Record(s) Filed.**

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

FUNDADMINISTRATION

(c) Location of administrator (city, state and country):

City: RONKONKOMA State: New York Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."  
GREENWICH FUND SERVICES

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

GREENWICH FUND SERVICES

(c) Location of administrator (city, state and country):

City: GREENWICH State: Connecticut Country: UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

Yes (provided to all investors)  Some (provided to some but not all investors)  No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable."



27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

69%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

**Marketers**

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

**SECTION 7.B.(2) Private Fund Reporting**

No Information Filed

**Item 9 Custody**

In this Item, we ask you whether you or a *related person* has *custody of client* (other than *clients* that are investment companies registered under the Investment Company Act of 1940) assets and about your custodial practices.

- |   |  |
|---|--|
| A. (1) Do you have <i>custody</i> of any advisory <i>clients</i> ': | Yes No   |
| (a) cash or bank accounts?  | <input checked="" type="radio"/> <input type="radio"/> |
| (b) securities?   | <input checked="" type="radio"/> <input type="radio"/> |

*If you are registering or registered with the SEC, answer "No" to Item 9.A.(1)(a) and (b) if you have custody solely because (i) you deduct your advisory fees directly from your clients' accounts, or (ii) a related person has custody of client assets in connection with advisory services you provide to clients, but you have overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)-(2)(d)(5)) from the related person.*

- (2) If you checked "yes" to Item 9.A.(1)(a) or (b), what is the approximate amount of *client* funds and securities and total number of *clients* for which you have *custody*:

U.S. Dollar Amount	Total Number of <i>Clients</i>
(a) <del>\$ 67,385,394</del>	(b) 14
\$ 51,580,356	

*If you are registering or registered with the SEC and you have custody solely because you deduct your advisory fees directly from your clients' accounts, do not include the amount of those assets and the number of those clients in your response to Item 9.A.(2). If your related person has custody of client assets in connection with advisory services you provide to clients, do not include the amount of those assets and number of those clients in your response to 9.A.(2). Instead, include that information in your response to Item 9.B.(2).*

- |   |  |
|---|--|
| B. (1) In connection with advisory services you provide to <i>clients</i> , do any of your <i>related persons</i> have <i>custody</i> of any of your advisory <i>clients</i> ': | Yes No   |
| (a) cash or bank accounts?  | <input type="radio"/> <input checked="" type="radio"/> |
| (b) securities?   | <input type="radio"/> <input checked="" type="radio"/> |

*You are required to answer this item regardless of how you answered Item 9.A.(1)(a) or (b).*

- (2) If you checked "yes" to Item 9.B.(1)(a) or (b), what is the approximate amount of *client* funds and securities and total number of *clients* for which your *related persons* have *custody*:

U.S. Dollar Amount	Total Number of <i>Clients</i>
(a) \$	(b)

- C. If you or your *related persons* have *custody* of *client* funds or securities in connection with advisory services you provide to *clients*, check all the following that apply:

- |   |                                     |
|---|-------------------------------------|
| (1) A qualified custodian(s) sends account statements at least quarterly to the investors in the pooled investment vehicle(s) you manage.   | <input type="checkbox"/>            |
| (2) An independent public accountant audits annually the pooled investment vehicle(s) that you manage and the audited financial statements are distributed to the investors in the pools. | <input checked="" type="checkbox"/> |
|   | <input type="checkbox"/>            |

- (3) An *independent public accountant* conducts an annual surprise examination of *client* funds and securities.
- (4) An *independent public accountant* prepares an internal control report with respect to custodial services when you or your *related persons* are qualified custodians for *client* funds and securities.

If you checked Item 9.C.(2), C.(3) or C.(4), list in Section 9.C. of Schedule D the accountants that are engaged to perform the audit or examination or prepare an internal control report. (If you checked Item 9.C.(2), you do not have to list auditor information in Section 9.C. of Schedule D if you already provided this information with respect to the private funds you advise in Section 7.B.(1) of Schedule D).

- D. Do you or your *related person(s)* act as qualified custodians for your *clients* in connection with advisory services you provide to *clients*? Yes No
- (1) you act as a qualified custodian
  - (2) your *related person(s)* act as qualified custodian(s)

If you checked "yes" to Item 9.D.(2), all related persons that act as qualified custodians (other than any mutual fund transfer agent pursuant to rule 206(4)-2(b)(1)) must be identified in Section 7.A. of Schedule D, regardless of whether you have determined the related person to be operationally independent under rule 206(4)-2 of the Advisers Act.

- E. If you are filing your *annual updating amendment* and you were subject to a surprise examination by an *independent public accountant* during your last fiscal year, provide the date (MM/YYYY) the examination commenced:

- F. If you or your *related persons* have custody of *client* funds or securities, how many persons, including, but not limited to, you and your *related persons*, act as qualified custodians for your *clients* in connection with advisory services you provide to *clients*?
- 2

**SECTION 9.C. Independent Public Accountant**

You must complete the following information for each *independent public accountant* engaged to perform a surprise examination, perform an audit of a pooled investment vehicle that you manage, or prepare an internal control report. You must complete a separate Schedule D Section 9.C. for each *independent public accountant*.

(1) Name of the *independent public accountant*:  
CORNICK GARBER SANDLER

(2) The location of the *independent public accountant's* office responsible for the services provided:

Number and Street 1:		Number and Street 2:	
[REDACTED]		[REDACTED]	
City:	State:	Country:	ZIP+4/Postal Code:
NEW YORK	New York	UNITED STATES	10022

Yes No

(3) Is the *independent public accountant* registered with the Public Company Accounting Oversight Board?

(4) If yes to (3) above, is the *independent public accountant* subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

(5) The *independent public accountant* is engaged to:

A.  audit a pooled investment vehicle

B.  perform a surprise examination of *clients'* assets

C.  prepare an internal control report

(6) Does any report prepared by the *independent public accountant* that audited the pooled investment vehicle or that examined internal controls contain an unqualified opinion?

Yes

No

Report Not Yet Received

*If you check "Report Not Yet Received", you must promptly file an amendment to your Form ADV to update your response when the accountant's report is available.*

(1) Name of the *independent public accountant*:  
LILLING AND COMPANY

(2) The location of the *independent public accountant's* office responsible for the services provided:

Number and Street 1:		Number and Street 2:	
[REDACTED]			
City:	State:	Country:	ZIP+4/Postal Code:
GREAT NECK	New York	UNITED STATES	11021

(3) Is the *independent public accountant* registered with the Public Company Accounting Oversight Board?

(4) If yes to (3) above, is the *independent public accountant* subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

(5) The *independent public accountant* is engaged to:

A.  audit a pooled investment vehicle

B.  perform a surprise examination of *clients'* assets

C.  prepare an internal control report

(6) Does any report prepared by the *independent public accountant* that audited the pooled investment vehicle or that examined internal controls contain an unqualified opinion?

Yes

No

Report Not Yet Received

*If you check "Report Not Yet Received", you must promptly file an amendment to your Form ADV to update your response when the accountant's report is available.*

**Item 10 Control Persons**

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application or report, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application or report, you must complete Schedule C.

Yes No

- A. Does any *person* not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, *control* your management or policies?

*If yes, complete Section 10.A. of Schedule D.*

- B. If any *person* named in Schedules A, B, or C or in Section 10.A. of Schedule D is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934, please complete Section 10.B. of Schedule D.

**~~SECTION 10.A. Control Persons~~**

No Information Filed

**SECTION 10.B. Control Person Public Reporting Companies**

No Information Filed

**Schedule A**

**Direct Owners and Executive Officers**

1. Complete Schedule A only if you are submitting an initial application or report. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.

2. Direct Owners and Executive Officers. List below the names of:

(a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer (Chief Compliance Officer is required if you are registered or applying for registration and cannot be more than one individual), director, and any other individuals with similar status or functions;

(b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);

Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

(c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;

(d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and

(e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.

3. Do you have any indirect owners to be reported on Schedule B?  Yes  No

4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.

5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member, and for shareholders or members, the class of securities owned (if more than one is issued).

6. Ownership codes are:

NA - less than 5%	B - 10% but less than 25%	D - 50% but less than 75%
A - 5% but less than 10%	C - 25% but less than 50%	E - 75% or more

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

(b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Status	Date Status Acquired MM/ YYYY	Ownership Code	Control Person	PR	CRD No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.

SANDS, MARTIN, SCOTT	I	CO-CHAIRMAN OF MANAGER	07/2004	NA	Y	N	[REDACTED]
SANDS, STEVEN, BRETT	I	CO-CHAIRMAN OF MANAGER	07/2004	NA	Y	N	[REDACTED]
SANDS BROTHERS ASSET MANAGEMENT, LTD.	DE	MANAGER	01/2004	NA	Y	N	[REDACTED]
JULI OS TRUST	DE	MEMBER	06/1998	D	Y	N	[REDACTED]
TARGHEE TRUST	DE	MEMBER	06/1998	D	Y	N	[REDACTED]
KELLY, CHRISTOPHER, RAYMOND	I	CHIEF COMPLIANCE OFFICER	04/2008	NA	Y	N	[REDACTED]

**Schedule B**

**Indirect Owners**

1. Complete Schedule B only if you are submitting an initial application. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.

2. Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:

(a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

(b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;

(c) in the case of an owner that is a trust, the trust and each trustee; and

(d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.

3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.

4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.

5. Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

6. Ownership codes C - 25% but less than 50% E - 75% or more  
 are: D - 50% but less than 75% F - Other (general partner, trustee, or elected manager)

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

(b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/ FE/ I	Entity in Which Interest is Owned	Status	Date Status Acquired MM/ YYYY	Ownership Code	Control Person	PR	CRD No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.



HENDERSON, DEIRDRE	I	JULIO S TRUST	TRUSTEE	09/2003	F	Y	N	████████
HENDERSON, DEIRDRE	I	TARGHEE TRUST	TRUSTEE	09/2003	F	Y	N	████████
KELLY, CHRISTOPHER, RAYMOND	I	INDIVIDUAL	CHIEF COMPLIANCE OFFICER AND CHIEF OPERATIONS OFFICER	04/2008	F	Y	N	████████

**Execution Pages**

**DOMESTIC INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial submission of Form ADV to the SEC and all amendments.

**Appointment of Agent for Service of Process**

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts. or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

**Signature**

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:  
CHRISTOPHER KELLY

Date: MM/DD/YYYY  
~~04/12/2013~~  
03/27/2014

Printed Name:  
CHRISTOPHER KELLY

Title:  
CCO

Adviser CRD Number:  
[REDACTED]

**NON-RESIDENT INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial submission of Form ADV to the SEC and all amendments.

**1. Appointment of Agent for Service of Process**

## About Sands Brothers

Sands Brothers Asset Management, LLC ("Sands Brothers") is a premier provider of investment management and advisory services to institutional and high net worth clients around the world. Sands Brothers has been registered as an investment advisor with the U.S. Securities and Exchange Commission since the firm's founding in 1999. Sands Brothers provides investment management and advisory services for equity, venture and credit strategies.

Sands Brothers currently provides investment advisory services to Genesis Merchant Partners, an asset based lending fund; Vantage Point Partners, a distressed asset fund; the Select Access Funds, a group of fund of hedge funds; and the Venture Funds, a group of venture capital funds.

### Genesis Merchant Partners

Genesis Merchant Partners, LP ("GMP") is focused on making strategic and opportunistic asset based and secured loans in underserved markets. GMP makes loans to both US and non-US companies as well as both public and private companies. GMP offers financing to companies with strong assets and cash flows in niche markets that are often overlooked by banks and other traditional providers of capital. GMP may also make other types of opportunistic investments. The experience that the members of the GMP investment team have gained through their involvement in over 350 financing transactions during their combined over 90 years experience allows for well-informed investment decisions.

### Vantage Point Partners

Vantage Point Partners ("VPP") is focused on making opportunistic investments in distressed and high yield corporate and consumer debt. It is anticipated that VPP will initially concentrate on investments in distressed residential mortgage-backed securities.

### Select Access Funds

Select Access is a family of global, multi-strategy fund of hedge funds utilizing emerging small to mid-sized managers oftentimes pursuing niche strategies. We use a top down, bottom up investment approach. Economic considerations guide the selection of sector and strategy weights together with rigorous analysis of individual managers' style and skill. The Select Access funds are currently winding down.

### Venture Funds

The Venture Funds generally seek to invest at an inflection point in a company's development when the company is at a juncture that should create an opportunity in the future for an investment realization. Investments are made in a number of sectors, including technology, healthcare, business services, finance and transportation.

Martin S. Sands   Steven B. Sands

**Martin S. Sands**

*Founder, Partner and Senior Portfolio Manager*

As the Co-Founder and Co-CEO of Sands Brothers Asset Management LLC, Martin Sands plays a key role in driving the growth and development of the firm's many business ventures. He works diligently to enhance existing portfolio investments and to identify and carefully review new opportunities. His ability to understand various types of businesses and quickly evaluate business opportunities, including those arising from business crises, sets him apart. As a seasoned, 30-year veteran of the investment world, he provides valuable insight to businesses seeking alternatives and solutions.

Martin has been in the investment community his entire career, beginning in 1983. He worked originally on the sell side at several leading investment banking and brokerage firms in NYC. In 1990, he founded his own investment banking and brokerage business, Sands Brothers & Company, Ltd., which grew rapidly. In the 2002-2003 period, he moved away from the sell side to focus his efforts on asset management and principal investment, where he has built a highly diversified group of portfolio investments. His experience includes all aspects of capital structure, and he continues to seek opportunistic situations.

In addition to his role at Sands Brothers Asset Management, Martin has pursued other business interests. In keeping with his lifelong passion for the sport of lacrosse, he recently launched a national high school recruiting business under the name National Invitational 175, LLC. This firm organizes individual and team college recruiting showcases for current high school lacrosse players.

Building on his passion for biotechnology, which was fueled by early successful biotech investments, Martin is actively involved with OptMed, Inc., a developing biomedical company where he serves as Co-Chairman.

Martin graduated from Union College where he remains an active alumnus and serves on the President's Counsel. He lives in Greenwich, CT with his wife and four children.

Current Titles

- Sands Brothers Asset Management, LLC 1999

Co-Founder, Co-CEO

- Genesis Merchant Partners, LP 2007

Senior Portfolio Manager

- Gourmet Express LLC, 2010

Director

- OptMed, Inc. 2011

Co-Chairman

- National Invitational 175, LLC 2011

Founder

- Viactiv Holdings (d/b/a Viactiv Lifestyles), 2012

Co-Founder, Co-CEO

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Martin S. Sands    Steven B. Sands

**Steven B. Sands**

*Founder, Partner and Senior Portfolio Manager*

Steven B. Sands has more than 25 years of investment experience in areas that include investment banking, venture capital, real estate, money management, sales/brokerage and merchant banking. Steven is a co-founder of Sands Brothers. He is also a founder and manager of the Select Access funds, Chairman of Critical Capital Growth Fund, which is licensed with the Small Business Administration, a manager of a group of venture capital funds, a manager of a group of special purpose partnerships, and he is the former Chairman of Olympic Cascade Financial Corporation.

Steven's financial experience began as a member of the Fixed Income Team with L.F. Rothschild. Thereafter, Steven leveraged his experience into servicing both high net worth and institutional accounts by joining Oppenheimer and Co. He continued to broaden his experience and eventually joined Laidlaw Adams & Peck, where he focused on private equity and corporate finance. Eventually Steven joined his brother Martin in the opening of the New York operations for Rodman & Renshaw, where his experience and role earned him a seat on the firm's board. In 1990, he joined his brother in founding SB & Co., an investment bank, brokerage firm and NYSE member.

Steven has focused the past five years on both the real estate business and corporate deal business. On the corporate side, he worked closely on numerous venture capital and private equity transactions. He continues to act as a portfolio-manager of the venture funds he co-founded. In addition, he has worked closely with his brother Martin in assembling, acquiring and/or selling over 500,000 square feet of commercial office space.

Steven earned a bachelor's degree from Hamilton College. Steven has served as a trustee of the Friends School in Locust Valley, NY and is active in other charitable and scholastic institutions. Steven lives in Locust Valley, NY with his wife and three children.

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## Notice

**CRD® or IARD(TM) Information:** This report contains information from the CRD (Central Registration Depository) system, or the IARD system (Investment Advisers Registration Depository), which are operated by FINRA, a national securities association registered under the Securities Exchange Act of 1934. The CRD system primarily contains information submitted on uniform broker-dealer and agent registration forms and certain other information related to registration and licensing. The IARD system primarily contains information submitted on uniform investment adviser and agent registration forms and certain other information related to registration and licensing. The information on Uniform Forms filed with the CRD or IARD is deemed to have been filed with each regulator with which the applicant seeks to be registered or licensed and shall be the joint property of the applicant and such regulators. The compilation constituting the CRD database as a whole is the property of FINRA. Neither FINRA nor a participating regulator warrants or guarantees the accuracy or the completeness of the CRD or IARD information. CRD information consists of reportable and non-reportable information.

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FINRA operates the IARD system as a vendor pursuant to a contract with the Securities and Exchange Commission and undertakings with NASAA and participating state regulators.

**Reportable Information:** Information that is required to be reported on the current version of the uniform registration forms.

**Non-Reportable Information:** Information that is not currently reportable on a uniform registration form. Information typically is not reportable because it is out-of-date; it was reported in error; or some change occurred either in the disposition of the underlying event after it was reported or in the question on the form that elicited the information. Although not currently reportable, this information was once reported on a uniform form and, consequently, may have become a state record. Users of this information should recognize that filers have no obligation to update non-reportable data; accordingly, it may not reflect changes that have occurred since it was reported.

Individual ██████ - SANDS, STEVEN BRETT

Administrative Information  
 Composite Information

Full Legal Name SANDS, STEVEN BRETT  
 State of Residence NY  
 Active Employments <<No Current Active Employments found for this Individual.>>  
 Reportable Disclosures? Yes  
 Statutory Disqualification? SDRQRSRVW  
 Registered With Multiple Firms? No  
 Material Difference in Disclosure? No

Personal Information

Individual CRD# ██████  
 Other Names Known By <<No Other Names found for this Individual.>>  
 Year of Birth 1958

Registrations with Current Employer(s)

<<No Registrations with Current Employer(s) found for this Individual.>>

Registrations with Previous Employer(s)

From 05/08/2009 To 12/13/2010 LANE CAPITAL MARKETS LLC(115358)

Reason for Termination Voluntary  
 Termination Comment

Regulator	Registration Category	Status Date	Registration Status	Approval Date
CA	AG	12/14/2010	TERMED	07/02/2009
CO	AG	07/20/2009	T_NOREG	
CT	AG	12/14/2010	TERMED	07/31/2009
FINRA	GS	12/14/2010	TERMED	07/02/2009
FINRA	IB	12/14/2010	TERMED	04/30/2010
FL	AG	08/18/2009	T_NOREG	
GA	AG	08/11/2009	T_NOREG	
IN	AG	08/18/2009	T_NOREG	
MA	AG	09/24/2009	T_NOREG	
MD	AG	07/20/2009	T_NOREG	
NC	AG	12/14/2010	T_NOREG	
NJ	AG	11/09/2009	T_NOREG	
NY	AG	12/14/2010	TERMED	08/04/2009
OH	AG	09/01/2009	T_NOREG	
OR	AG	07/20/2009	T_NOREG	
PA	AG	08/14/2009	T_NOREG	
SC	AG	08/13/2009	T_NOREG	
TX	AG	01/08/2010	ABANDONED	
VA	AG	07/20/2009	T_NOREG	
WA	AG	12/14/2010	TERMED	08/04/2009

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.



Individual ██████████ - SANDS, STEVEN BRETT

Administrative Information

Professional Designations

<<No Professional Designations found for this Individual.>>

Employment History

From 05/2009 To Present Name LANE CAPITAL MARKETS, LLC  
 Location SOUTHPORT, CT, USA  
 Position REGISTERED REPRESENTATIVE  
 Investment Related Yes

From 07/1998 To Present Name SANDS BROTHERS ASSET MGMT  
 Location NEW YORK, NY, USA  
 Position MANAGER  
 Investment Related Yes

From 03/2009 To 03/2009 Name LAIDLAW & COMPANY (UK) LTD  
 Location NEW YORK, NY, USA  
 Position REGISTERED REPRESENTATIVE  
 Investment Related Yes

From 01/2002 To 05/2008 Name SANDS BROTHERS INTERNATIONAL, LTD.  
 Location NEW YORK, NY, USA  
 Position SENIOR EXECUTIVE OFFICER  
 Investment Related Yes

From 08/1990 To 10/2005 Name SANDS BROTHERS & CO., LTD.  
 Location NEW YORK, NY, USA  
 Position NOT PROVIDED  
 Investment Related Yes

From 04/1988 To 12/1990 Name RODMAN & RENSHAW INC.  
 Location NEW YORK, NY  
 Position NOT PROVIDED  
 Investment Related Yes

Office of Employment History

From 05/2009 To 12/2010

Name LANE CAPITAL MARKETS LLO ██████████

Independent Contractor Yes

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
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Individual ██████ - SANDS, STEVEN BRETT

Administrative Information

Office of Employment History

Office of Employment Address

420850 Yes No 10/02/2009 12/13/2010 Located At

Address ██████████  
██

BD Main Yes No 05/08/2009 12/13/2010 Supervised From

Address ██████████  
██

From 03/2009 To 03/2009

Name LAIDLAW & COMPANY (UK) LTD.(119037)

Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
135386			Yes	No	03/02/2009	03/04/2009	Located At

Address ██████████  
██

From 01/2002 To 05/2008

Name LAIDLAW & COMPANY (UK) LTD.(119037)

Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
135386			Yes	No	01/14/2002	05/28/2008	Located At

Address ██████████  
██

Address ██████████  
██

From 08/1990 To 10/2005

Name SANDS BROTHERS & CO., LTD.(26816)

Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	08/01/1990	10/11/2005	Located At

Address 90 PARK AVENUE  
NEW YORK, NY 10016

From 01/2002 To 07/2002

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████ - SANDS, STEVEN BRETT

Administrative Information

Office of Employment History

Name SANDS BROTHERS INTERNATIONAL LTD.(119037)

Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	01/14/2002	07/24/2002	

Address ██████ ██████ ██████  
 ██████ ██████ ██████

From 04/1988 To 12/1990

Name RODMAN & RENSHAW INC.(724)

Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	04/15/1988	12/17/1990	Located At

Address ██████ ██████ ██████

Other Business

1. MANAGER OF SANDS BROTHERS ASSET MANAGEMENT-SEC REGISTERED ASSET MANAGER, RIA FOR GENESIS MERCHANT PARTNERS, SELECT ACCESS FUND OF FUNDS, VANTAGE POINT PARTNERS, SB VENTURE CAPITAL I,II,III,IV., BABY PARTNERSHIPS REPORTED, KATIE AND ADAM PARTNERS, 280 PARTNERS, ETC.

2. MANAGER OF SB PETRO PARTNERS 1 7 II.

3. MANAGER -REAL ESTATE TRANSACTIONS-SB PRIME PROPERTIES, SB SANDS CENTER-TUCSON, DANBURY PRIME PROPERTIES-LEE FARM, DANBURY GENERAL PARTNERS-40-42 ORR, MELVILLE PARTNERS-MERIEN

4. CRITICAL CAPITAL - CHAIRMAN  
 THERE IS NO CONFLICT WITH HOURS.

5. AS OF 8/20/2010, MY GOOD PENNY. NOT SECURITIES RELATED. APPROXIMATELY 10 HOURS PER WEEK.

Exam Appointments

<<No Exam Appointments found for this Individual.>>

Exam History

Exam	Enrollment ID	Exam Status	Status Date	Exam Date	Grade	Score	Window Dates
S4	17153536	Withdraw	12/21/1990			-	
S4	17153535	Official Result	09/11/1990	09/11/1990	Failed	62	
S7	17153540	Official Result	05/16/1981	05/16/1981	Passed	206	
S8	17153541	Window Expired	02/10/1987			0	
S24	17153534	Official Result	11/25/1991	11/25/1991	Passed	80	
S24	17153533	Window Expired	04/29/1991			0	
S24	17153532	Window Expired	10/25/1990			0	

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████ - SANDS, STEVEN BRETT

Reportable Events

Number of Reportable Events

Bankruptcy	0
Bond	0
Civil Judicial	0
Criminal	0
Customer Complaint	5
Internal Review	0
Investigation	0
Judgement/Lien	0
Regulatory Action	3
Termination	0

Occurrence#	124151	Disclosure Type	Regulatory Action
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	25333163	Form (Form Version)	U4 (10/2005)
Filing Date	05/14/2009		
Source	██████ - LANE CAPITAL MARKETS LLC		
Disclosure Questions Answered	14D(1)(e)		

Regulatory Action ~~DRP~~ ~~DRP Version~~ 10/2005

1. Regulatory action initiated by: COMMISSIONER OF SECURITIES FOR STATE OF WISCONSIN

2. Principal sanction:

Other sanction(s):

3. Date Initiated/Explanation: 05/03/1991

4. Docket/Case#: ██████ (L)

5. Employing firm: SANDS BROTHERS MITCHELL & CO., LTD

6. Principal product type: Money Market Fund(s)

Other product type(s):

7. Allegation(s):  
TRANSACTIONING BUSINESS WITH PERSONS IN STATE OF WISCONSIN AS A SECURITY AGENT UNLESS AND UNTIL LICENSED AS A SECURITY AGENT PURSUANT TO WISCONSIN STATUTES

8. Current status: Final

9. Appealed to:

10. Resolution: Consent

11. Resolution date/Explanation: 05/21/1991

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, STEVEN BRETT

Reportable Events

Regulatory Action **DRP** DRP Version 10/2005

12. A. Resolution detail:

B. Other sanction(s)  
ordered:

C. Sanction detail:

PROHIBITION FROM CONDUCTING BUSINESS IN  
WISCONSIN UNLESS REGISTERED.

13. Comment:

THESE TRANSACTIONS WERE WITH CLIENTS WHO HAD  
TRANSFERRED THEIR ACCOUNTS FROM MY PRIOR EMPLOYER;  
WHICH FIRM  
WAS REGISTERED AS WAS I. SANDS BROTHERS IS NOT  
REGISTERED AS A  
BROKER/DEALER AN MY APPLICATION FOR REGISTRATION AS AN  
AGENT  
IN WISCONSIN IS PENDING.

Filing ID ██████████ Form (Form Version) U6 (08/1999)  
Filing Date 07/07/1999  
Source Wisconsin  
Disclosure Questions Answered

Regulatory Action **DRP** DRP Version 10/2005

1. Regulatory action initiated by: WI SEC

2. Principal sanction:  
Other sanction(s):

3. Date Initiated/Explanation: 05/03/1991

4. Docket/Case#: ██████████ (L)

5. Employing firm: SANDS BROTHERS MITCHELL & CO., LTD

6. Principal product type:  
Other product type(s):

7. Allegation(s): UNLICENSED AGENT FOR UNLICENSED BROKER-DEALER

8. Current status: Final

9. Appealed to:

10. Resolution: Consent

11. Final order:

12. Resolution date/Explanation: 05/21/1991

13. A. Resolution detail:

B. Other sanction(s)  
ordered:

Individual ██████ - SANDS, STEVEN BRETT

Reportable Events

Regulatory Action DRP

DRP Version 10/2005

C. Sanction detail: CONSENT ORDER OF PROHIBITION  
14. Comment: RESPONDENT, AS AN AGENT FOR SANDS BROTHERS MITCHELL & CO., LIMITED (BD #26816) EFFECTED TRANSACTIONS IN 11 ACCOUNTS OF WISCONSIN RESIDENTS WHILE NEITHER HE NOR THE FIRM WERE LICENSED IN WISCONSIN. ALSO NAMED IN THE ORDER WERE THE FIRM, ITS PRESIDENT, MARTIN SANDS, AND AGENT SCOTT FRANKLIN.

Occurrence#	1212928	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID ██████ Form (Form Version) U4 (10/2005)

Filing Date 05/14/2009

Source ██████ - LANE CAPITAL MARKETS LLC

Disclosure Questions Answered 141(1)(c)

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): LINDA WOLFSON, AS EXECUTRIX OF THE ESTATE OF ALAN WOLFSON V. SANDS BROTHERS & CO., LTD., STEVEN B. SANDS AND MARTIN S. SANDS

2. Customer(s) state of residence: New York

Other state(s) of residence/Detail:

3. Employing firm: SANDS BROTHERS & CO., LTD

4. Allegation(s): CLAIMANT CONTENDS THAT THE RESPONDENT CHURNED HIS ACCOUNT, INVESTED IN UNSUITABLE SPECULATIVE STOCK, USED INAPPROPRIATE LEVELS OF MARGIN AND INVESTED HIS ACCOUNT IN A FRAUDULENT COMPANY AFFILIATED WITH THE RESPONDENTS.

5. Principal product type: Direct Investment(s) - DPP & LP Interest(s)

Other product types:

6. Alleged compensatory damages: \$650,000.00

7. Date complaint received/Explanation: 03/25/2003 RECEIVED AS AN ARBITRATION

8. Currently pending: No

9. Status: Arbitration/Reparation

10. Status date/Explanation: 03/25/2003 RECEIVED AS AN ARBITRATION

11. Settlement amount:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual [REDACTED] - SANDS, STEVEN BRETT

Reportable Events

Customer Complaint DRP DRP Version 10/2005

- 12. Individual contribution amount:
- 13. Arbitration/Reparation claim filed with, Docket/Case#: NYSE CASE NO. [REDACTED]
- 14. Date notice served/ Explanation: 03/25/2003
- 15. Arbitration/Reparation pending: No
- 16. Disposition: Settled
- 17. Disposition date/Explanation: 02/17/2004
- 18. Compensation amount: \$150,000.00
- 19. Individual contribution amount: \$0.00

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment:

THE PARTIES HAVE REACHED A PRIVATE SETTLEMENT AGREEMENT AND ALL CLAIMANTS CLAIMS WERE WITHDRAWN WITH PREJUDICE. FORUM FEES TO BE ASSESSED EQUALLY AMONGST THE PARTIES. MR. SANDS DENIES ANY CONTACT WITH THE CLAIMANTS AND NO INVOLVEMENT IN THE SETTLEMENT. HE WAS NAMED BECAUSE HE WAS ONE OF THE FOUNDERS OF THE FIRM AND DID NOT PERSONALLY CONTRIBUTE.

Filing ID

[REDACTED]

Form (Form Version)

U6 (06/2003)

Filing Date

08/09/2004

Source

New York Stock Exchange

Disclosure Questions Answered

SRO Arbitration/Reparation DRP

DRP Version 10/2005

- 1. Case name: LINDA WOLFSON, AS EXECUTRIX OF THE ESTATE OF ALAN WOLFSON V. SANDS BROTHERS & CO., LTD., STEVEN B. SANDS AND MARTIN S. SANDS
- 2. Arbitration/Reparation filed with: NYSE
- 3. Date case initiated: 03/06/2003

Individual █████ - SANDS, STEVEN BRETT

Reportable Events

SRO Arbitration/Reparation DRP

DRP Version 10/2005

- 4. Case number: █████
- 5. Employing firm: SANDS BROTHERS & CO
- 6. Allegation(s): CUSTOMER CLAIMANT CONTENDS THAT THE RESPONDENT CHURNED HIS ACCOUNT, INVESTED IN UNSUITABLE SPECULATIVE STOCK, USED INAPPROPRIATE LEVELS OF MARGIN AND INVESTED HIS ACCOUNT IN A FRAUDULENT COMPANY AFFILIATED WITH THE RESPONDENTS.
- 7. Principal product type: Other  
 Other product types:
- 8. Alleged compensatory damages: \$650,000.00
- 9. Currently pending resolution: No  
 Resolution: Withdrawn
- Date resolved: 02/17/2004
- 10. Disposition details: THE PARTIES HAVE REACHED A PRIVATE SETTLEMENT AGREEMENT AND ALL CLAIMANT'S CLAIMS WERE WITHDRAWN WITH PREJUDICE. A COPY OF SUCH SETTLEMENT AGREEMENT IS APPENDED HERETO AND IS MADE A PART OF THIS AWARD. THE ARBITRATION PANEL WAS ASKED TO CONSIDER RESPONDENTS MARIN SANDS AND STEVEN SANDS REQUESTS FOR RELIEF OF EXPUNGEMENT OF THEIR CRD RECORDS. A HEARING ON THE RECORD WAS HELD FEBRUARY 10, 2004 WHERE RESPONDENTS APPEARED UNDER OATH AND GAVE TESTIMONY LIMITED TO THE NARROW ISSUE OF THEIR REQUESTS FOR EXPUNGEMENT. THE PANEL UNANIMOUSLY DECIDED TO DENY RESPONDENTS' REQUESTS FOR EXPUNGEMENTS. FORUM FEES TO BE ASSESSED EQUALLY AMONGST THE PARTIES.

Occurrence#	█████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	█████	Form (Form Version)	U4 (10/2005)
Filing Date	05/14/2009		
Source	█████ - LANE CAPITAL MARKETS LLC		
Disclosure Questions Answered	14(1)(b)		

Customer Complaint DRP

DRP Version 10/2005

- 1. Customer name(s): JAN-ERIC RAMBERG, DR. ALBERTO VASQUEZ, MARGOT J. VASQUEZ, AND KATHERINE DUFF RINES AS THE SUCCESSOR TRUSTEE OF THE JOHN RINES TRUST
- 2. Customer(s) state of residence: New York  
 Other state(s) of residence/Detail: [CUSTOMER] - SWEDEN

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.



Individual ██████████ - SANDS, STEVEN BRETT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

[CUSTOMERS] - MEXICO

3. Employing firm:

SANDS BROTHERS & CO., LTD

4. Allegation(s):

CLAIMANTS ALLEGED CONVERSION OF FUNDS, MISAPPROPRIATION AND MISUSE OF \$2,150,000.00

5. Principal product type:

Other

Other product types:

PRIVATE INVESTMENT

6. Alleged compensatory damages:

\$2,150,000.00

7. Date complaint received/Explanation:

8. Currently pending:

9. Status:

Arbitration/Reparation

10. Status date/Explanation:

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#:

NASD ARBITRATION NO. ██████████

14. Date notice served/ Explanation:

01/02/2004

15. Arbitration/Reparation pending:

No

16. Disposition:

Award to Customer

17. Disposition date/Explanation:

09/01/2004

18. Compensation amount:

\$2,150,000.00

19. Individual contribution amount:

\$0.00

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment:

STEVEN SANDS DID NOT CONTRIBUTE TO THIS SETTLEMENT IN ANY WAY. THE NEW YORK EXCHANGE AWARDED THE FUNDS HELD IN THE ORIGINAL MONEY MARKET FUND TO THE ORIGINAL INVESTORS FOLLOWING THE ATTEMPTS BY SANDS BROTHERS TO RETURN THE INVESTED FUNDS. THIS ACTION OCCURED

Individual ██████████ - SANDS, STEVEN BRETT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

FOLLOWING THE DEMISE OF THE LEAD INVESTOR [Customer].

Filing ID ██████████  
Filing Date 12/02/2004  
Source FINRA  
Disclosure Questions Answered

Form (Form Version) U6 (06/2003)

SRO Arbitration/Reparation DRP

DRP Version 10/2005

- 1. Case name: JAN-ERIC RAMBERG, ET AL. VS SANDS BROTHERS & CO., LTD., STEVEN BRETT SANDS, SANDS BROTHERS GROUP, LLC, ET AL.
- 2. Arbitration/Reparation filed with: NASD
- 3. Date case initiated: 12/31/2003
- 4. Case number: ██████████
- 5. Employing firm: SANDS BROTHERS & CO., LTD.
- 6. Allegation(s): BREACH OF FIDUCIARY DUTY; COMMON LAW FRAUD; CONVERSION AND MISAPPROPRIATION OF CUSTOMER FUNDS; SECURITIES FRAUD
- 7. Principal product type: Other
  - Other product types: UNKNOWN TYPE OF SECURITIES
- 8. Alleged compensatory damages: \$2,150,000.00
- 9. Currently pending resolution: No
  - Resolution: Award
- Date resolved: 09/09/2004
- 10. Disposition details: RESPONDENT IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY CLAIMANTS \$2,150,000 IN DAMAGES AS FOLLOWS: THE HSBC ESCROW ACCOUNT IS PERMANENTLY ENJOINED UNTIL THE AWARD IS SATISFIED EXCEPT THE ENTIRE BALANCE SHALL BE DISTRIBUTED IMMEDIATELY TO CLAIMANTS. RESPONDENT IS JOINTLY AND SEVERALLY LIABLE AND SHALL PAY CLAIMANTS THE BALANCE REMAINING BETWEEN \$2,150,000 AND THE FINAL AMOUNT DISTRBUTED AMONG THE CLAIMANTS. WHEN THE AWARD IS FULLY SATISFIED THE CLAIMANTS' INVESTMENT INTEREST IN SANDS GROUP, LLC SHALL BE TRANSFERRED, PRO RATA, TO THE PARTIES WHO SATISFIED THE BALANCE OF THE AWARD.

Occurrence#	FINRA Public Disclosable	Material Difference in Disclosure	Filing ID	Disclosure Type	Regulatory Action
██████████	Yes	No	25843382	Reportable	Yes
				Form (Form Version)	U4 (05/2009)

Individual 7 [REDACTED] - SANDS, STEVEN BRETT

Reportable Events

Filing Date 06/09/2009
Source [REDACTED] - LANE CAPITAL MARKETS LLC
Disclosure Questions Answered 14E(2),14E(4),14E(5),14G(1)

Regulatory Action DRP DRP Version 05/2009

1. Regulatory Action initiated by:

- A. Initiated by: Self Regulatory Organization
B. Full name of regulator: NATIONAL ASSOCIATION OF SECURITIES DEALERS

2. Sanction(s) sought: Suspension

3. Date initiated/Explanation: 11/11/2005

4. Docket/Case#: E1020041068-01

5. Employing firm: SANDS BROTHERS & CO.

6. Product type(s): No Product

7. Allegation(s): NASD RULES 1017(A)3,1021,2110,NASD INTERPRETIVE MATERIAL [REDACTED] - SANDS, ACTING ON BEHALF OF THE FIRM DID NOT FILE A RULE 1017 APPLICATION WITH NASD SEEKING APPROVAL FOR THE TRANSFER OF CUSTOMER ACCOUNTS;PERMITTED AN INDIVIDUAL TO ACTIVELY ENGAGE IN ACTIVITIES AT THE FIRM THAT REQUIRED REGISTRATION WHEN INDIVIDUAL WAS NOT SO REGISTERED;WILLFULLY FAILED TO AMEND HIS FORM U4 TO DISCLOSE A MATERIAL FACT IN CONTRAVENTION OF ARTICLE V, SECTION 2 OF NASD'S BY-LAWS.

8. Current status: Final

9. Limitations or restrictions while pending:

10. If on appeal:

- A. Appealed to:
B. Date appealed/Explanation:
C. Limitations or restrictions while on appeal:

11. Resolution details:

- A. Resolution detail: Decision & Order of Offer of Settlement
B. Resolution date/Explanation: 07/25/2006

12. Final order: No

13. Sanction detail:

- A. Sanctions ordered: Suspension

Individual ██████████ - SANDS, STEVEN BRETT

Reportable Events

Regulatory Action **DRP** DRP Version 05/2009

B. Other sanctions:

C. Sanction type details:

Sanction type: Suspension  
Registration capacities affected: GENERAL SECURITIES PRINCIPAL  
Duration (length of time)/Explanation: 60 DAYS  
Start date/Explanation: 07/25/2006  
End date/Explanation: 09/24/2006

D. Requalification type details:

E. Monetary related sanction type details:

14. Comment: MR. SANDS BELIEVES THAT THIS WAS A CLERICAL ERROR OVER WHICH HE HAD NO CONTROL SINCE HE WAS NOT ACTING IN A SUPERVISORY CAPACITY AT THE TIME AND BELIEVES THAT THOSE WHO WERE RESPONSIBLE WERE DROPPED FROM THE FINDING.

Filing ID ██████████ Form (Form Version) U6 (05/2009)  
Filing Date 12/22/2010  
Source FINRA  
Disclosure Questions Answered

Regulatory Action **DRP** DRP Version 05/2009

1. Regulatory Action initiated by:

A. Initiated by: Self Regulatory Organization  
B. Full name of regulator: NASD

2. Sanction(s) sought:

3. Date initiated/Explanation: 11/11/2005

4. Docket/Case#: ██████████

5. Employing firm: SANDS BROTHERS & COMPANY, LTD

6. Product type(s): No Product

7. Allegation(s): NASD RULES 1017(A)3, 1021, 2110, NASD INTERPRETIVE MATERIAL -1000-1 - SANDS, ACTING ON BEHALF OF THE FIRM DID NOT FILE A RULE 1017 APPLICATION WITH NASD SEEKING APPROVAL FOR THE TRANSFER OF CUSTOMER ACCOUNTS; PERMITTED AN INDIVIDUAL TO ACTIVELY ENGAGE IN ACTIVITIES AT THE FIRM THAT REQUIRED REGISTRATION WHEN INDIVIDUAL WAS NOT SO REGISTERED; WILLFULLY FAILED TO AMEND HIS FORM U4 TO DISCLOSE A MATERIAL FACT IN CONTRAVENTION OF ARTICLE V, SECTION 2 OF NASD'S

Individual ██████████ - SANDS, STEVEN BRETT

Reportable Events

Regulatory Action DRP

DRP Version 05/2009

BY-LAWS.

8. Current status: Final

9. Limitations or restrictions while pending:

10. If on appeal:

A. Appealed to:

B. Date appealed/Explanation:

C. Limitations or restrictions while on appeal:

11. Resolution details:

A. Resolution detail: Decision & Order of Offer of Settlement

B. Resolution date/Explanation: 07/25/2006

12. Final order: No

13. Sanction detail:

A. Sanctions ordered: Civil and Administrative Penalty(ies)/Fine(s) Suspension

B. Other sanctions:

C. Willful violation or failure to supervise:

i. Willfully violated:

ii. Willfully aided, abetted, counseled, commanded, induced, or procured:

iii. Failed reasonably to supervise another person:

D. Sanction type details:

E. Requalification type details:

F. Monetary related sanction type details:

14. Comment:

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, SANDS CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE HE IS FINED \$100,000, JOINTLY AND SEVERALLY, AND SUSPENDED FROM ASSOCIATION WITH ANY NASD MEMBER IN A

Individual ██████ - SANDS, STEVEN BRETT

Reportable Events

Regulatory Action DRP

DRP Version 05/2009

PRINCIPAL CAPACITY FOR 60 DAYS. THE SUSPENSION IN A PRINCIPAL CAPACITY IS EFFECTIVE FROM AUGUST 21, 2006 THROUGH OCTOBER 19, 2006. FINES PAID ON 04/01/2008.

Occurrence#	1289115	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	██████	Form (Form Version)	U4 (10/2005)
Filing Date	05/14/2009		
Source	██████ - LANE CAPITAL MARKETS LLC		
Disclosure Questions Answered	14i(1)(c)		

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): UZI BARANY AND NECHAMA GOLDBLAT
2. Customer(s) state of residence: Not on List  
Other state(s) of residence/Detail: ISRAEL
3. Employing firm: SANDS BROTHERS & CO., LTD.
4. Allegation(s): CLAIMANTS HAVE ALLEGED NEGLIGENCE, BREACH OF FIDUCIARY DUTY, BREACH OF CONTRACT, NEGLIGENT SUPERVISION AND FAILURE TO SUPERVISE.
5. Principal product type: Equity - OTC  
Other product types:
6. Alleged compensatory damages: \$320,000.00
7. Date complaint received/Explanation:
8. Currently pending:
9. Status: Arbitration/Reparation
10. Status date/Explanation:
11. Settlement amount:
12. Individual contribution amount:
13. Arbitration/Reparation claim filed with, Docket/Case#: NASD CASE # ██████
14. Date notice served/ Explanation: 09/29/2005
15. Arbitration/Reparation pending: No
16. Disposition: Award to Applicant
17. Disposition date/Explanation: 08/30/2007
18. Compensation amount: \$160,165.00

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████ - SANDS, STEVEN BRETT

Reportable Events

Customer Complaint DRP DRP Version 10/2005

19. Individual contribution amount: \$0.00

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment:

SECOND AMENDED AWARD DATED 7/2/07: THE PANEL ISSUED AN ORDER DATED JUNE 27, 2007, CLARIFYING THAT THE PANEL DISMISSES RESPONDENT SANDS FROM THIS MATTER WITH PREJUDICE. THIRD AMENDED AWARD ISSUED. RESPONDENT SANDS IS JOINTLY AND SEVERALLY LIABLE ON THE CLAIM OF NEGLIGENCE AND SHALL PAY TO CLAIMANTS COMPENSATORY DAMAGES OF \$160,165.00. AWARD IS CURRENTLY UNDER APPEAL THE APPEAL WAS SUCCESSFUL AND THE JUDGEMENT WAS VACATED. WE HAVE ASKED THE PANEL TO REIMBURSE OUR LEGAL FEES.

Filing ID ██████ Form (Form Version) U6 (06/2003)

Filing Date 09/11/2007

Source FINRA

Disclosure Questions Answered

SRO Arbitration/Reparation DRP DRP Version 10/2005

1. Case name: UZI BARANY, NECHAMA GOLDBLAT VS. SANDS BROTHERS & CO., LTD., STEVEN SANDS, ET AL

2. Arbitration/Reparation filed with: NASD

3. Date case initiated: 10/03/2005

4. Case number: ██████

5. Employing firm: SANDS BROTHERS & CO., LTD.

6. Allegation(s): NEGLIGENCE, BREACH OF FIDUCIARY DUTY, NEGLIGENT SUPERVISION

7. Principal product type: No Product

Other product types: FUND TRANSFERS

8. Alleged compensatory damages: \$320,000.00

9. Currently pending resolution: No

Individual ██████ - SANDS, STEVEN BRETT

Reportable Events

SRO Arbitration/Reparation DRP

DRP Version 10/2005

Resolution: Award  
Date resolved: 08/30/2007

10. Disposition details: THIRD AMENDED AWARD ISSUED: RESPONDENT SANDS IS JOINTLY AND SEVERALLY LIABLE ON THE CLAIM OF NEGLIGENCE AND SHALL PAY TO CLAIMANTS COMPENSATORY DAMAGES OF \$160,165.

Occurrence#	██████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID ██████ Form (Form Version) U4 (10/2005)

Filing Date 05/14/2009

Source ██████ - LANE CAPITAL MARKETS LLC

Disclosure Questions Answered 141(1)(c)

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): RICHARD C. NERBACK AND GREENBROOK PHARMACY, INC  
2. Customer(s) state of residence: New Jersey

Other state(s) of residence/Detail:

3. Employing firm: SANDS BROTHERS & CO., LTD  
4. Allegation(s): CLIENT HAS ALLEGED CHURNING, MISUSE OF MARGIN, OVERCONCENTRATION, UNSUITABILITY, FRAUD, MISREPRESENTATION, BREACH OF FIDUCIARY DUTY, FAILURE TO SUPERVISE. ALLEGED COMPENSATORY DAMAGES OF \$600,000.00 AND PUNITIVE DAMAGES OF \$300,000.00

5. Principal product type: Equity Listed (Common & Preferred Stock)

Other product types:

6. Alleged compensatory damages: \$900,000.00

7. Date complaint received/Explanation:

8. Currently pending:

9. Status: Arbitration/Reparation

10. Status date/Explanation:

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#: NASD CASE # ██████

14. Date notice served/ Explanation: 10/01/2004  
STATEMENT OF CLAIM RECEIVED BY SANDS BROTHERS & CO.,

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.



Individual ██████ - SANDS, STEVEN BRETT

Reportable Events

Customer Complaint DRP      **DRP Version** 10/2005

LTD

- 15. Arbitration/Reparation pending: No
- 16. Disposition: Settled
- 17. Disposition date/Explanation: 02/01/2006
- 18. Compensation amount: \$40,000.00
- 19. Individual contribution amount: \$0.00

- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:

- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:

28. Comment: RESPONDENTS HAVE ENTERED INTO A \$40,000.00 SETTLEMENT IN ORDER TO AVOID THE COSTS AND EXPENSES ASSOCIATED WITH AN ARBITRATION. RESPONDENTS DENY ALL ALLEGATIONS OF WRONGDOING AND LIABILITY TO CLAIMANTS. CLAIMANTS UPON RECEIPT OF FULL PAYMENT OF SETTLEMENT WILL INSTRUCT THE NASD TO DISMISS THIS ARBITRATION FROM RESPONDENT'S RECORDS. MR. SANDS WAS NAMED ERRONEOUSLY. MR. SAND HAS NO KNOWLEDGE OF THIS ACTION AND WAS NOT A PARTY TO THIS SETTLEMENT.

<b>Occurrence#</b>	██████	<b>Disclosure Type</b>	Customer Complaint
<b>FINRA Public Disclosable</b>	Yes	<b>Reportable</b>	Yes
<b>Material Difference in Disclosure</b>	No		

<b>Filing ID</b>	██████	<b>Form (Form Version)</b>	U4 (10/2005)
<b>Filing Date</b>	05/14/2009		
<b>Source</b>	██████ - LANE CAPITAL MARKETS LLC		
<b>Disclosure Questions Answered</b>	14I(1)(c)		

Customer Complaint DRP      **DRP Version** 10/2005

- 1. Customer name(s): DON HUTCHERSON
- 2. Customer(s) state of residence: Texas  
 Other state(s) of residence/Detail:
- 3. Employing firm: SANDS BROTHERS & CO., INC
- 4. Allegation(s): CLIENT ALLEGES FRAUD. BREACH OF FIDUCIARY DUTY.

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual █████ - SANDS, STEVEN BRETT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

UNSUITABILITY, EXCESSIVE TRADING OR CHURNING,  
NEGLIGENCE AND NEGLIGENT SUPERVISION

- 5. Principal product type: Other
- Other product types: PRIVATE PLACEMENTS
- 6. Alleged compensatory damages: \$1,000,000.00
- 7. Date complaint received/Explanation:
- 8. Currently pending:
- 9. Status: Arbitration/Reparation
- 10. Status date/Explanation:
- 11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#: NASD CASE █████

14. Date notice served/ Explanation: 03/08/2006

15. Arbitration/Reparation pending: No

16. Disposition: Settled

17. Disposition date/Explanation: 01/15/2008

18. Compensation amount: \$300,000.00

19. Individual contribution amount: \$0.00

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment: CLAIMANT DISMISSED STEVEN SANDS FROM THIS ARBITRATION ON JANUARY 15, 2008. MR. SANDS WAS NAMED ERRONEOUSLY AND HAS REQUESTED THAT THE ARBITRATION PANEL EXPUNGE THIS RECORD ACCORDING TO THE AGREEMENT OF ALL PARTIES.

<b>Occurrence#</b>	█████	<b>Disclosure Type</b>	Regulatory Action
FINRA Public Disclosable	Yes	Reportable	Yes

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████ - SANDS, STEVEN BRETT

Reportable Events

Material Difference in Disclosure No

Filing ID ██████ Form (Form Version) U4 (05/2009)
Filing Date 11/15/2010
Source ██████ - LANE CAPITAL MARKETS LLC
Disclosure Questions Answered 14C(1),14C(2),14C(3),14C(5),14C(6),14C(7),14D(1)(a)

Regulatory Action DRP DRP Version 05/2009

- 1. Regulatory Action initiated by:
A. Initiated by: Securities and Exchange Commission
B. Full name of regulator: UNITED STATES SECURITIES AND EXCHANGE COMMISSION
2. Sanction(s) sought: Cease and Desist, Censure, Civil and Administrative Penalty(ies)/Fine(s)

3. Date initiated/Explanation: 04/13/2009

4. Docket/Case#: ██████
5. Employing firm: SANDS BROTHERS ASSET MANAGEMENT
6. Product type(s): No Product

7. Allegation(s): BOOKS AND RECORDS VIOLATIONS, FAILURE TO PRODUCE DOCUMENTS, MAKING A FLASE STATEMENT

8. Current status: Final

9. Limitations or restrictions while pending: No

10. If on appeal:

A. Appealed to:

B. Date appealed/Explanation:

C. Limitations or restrictions while on appeal:

11. Resolution details:

A. Resolution detail: Settled
B. Resolution date/Explanation: 06/02/2010 FUNDS TRANSFERRED TO ESCROW ACCOUNT OF ATTORNEY FOR FORWARDING TO SEC

12. Final order: Yes

13. Sanction detail:

A. Sanctions ordered: Cease and Desist, Censure, Civil and Administrative Penalty(ies)/Fine(s)

Individual █████ - SANDS, STEVEN BRETT

Reportable Events

Regulatory Action **DRP** **DRP Version** 05/2009

- B. Other sanctions:
- C. Sanction type details:
- D. Requalification type details:
- E. Monetary related sanction type details:

Monetary related sanction type: Civil and Administrative Penalty(ies)/Fine(s)  
Total amount: \$60,000.00  
Portion levied: \$0.00  
Payment plan: FUNDS DELIVERED TO ESCROW ACCOUNT OF ATTORNEY FOR FORWARDING TO SEC  
Payment plan current: Yes  
Date paid / Explanation: 05/28/2010  
FUNDS DELIVERED TO ESCROW ACCOUNT OF ATTORNEY FOR FORWARDING TO SEC  
Penalty waived: No  
Amount:

14. Comment:

**Filing ID** █████ **Form (Form Version)** U6 (05/2009)  
**Filing Date** 10/27/2010  
**Source** United States Securities and Exchange Commission

Disclosure Questions Answered

Regulatory Action **DRP** **DRP Version** 05/2009

- 1. Regulatory Action initiated by:
  - A. Initiated by: Securities and Exchange Commission
  - B. Full name of regulator: UNITED STATES SECURITIES AND EXCHANGE COMMISSION
- 2. Sanction(s) sought: Cease and Desist
- 3. Date initiated/Explanation: 10/22/2010
- 4. Docket/Case#: █████
- 5. Employing firm: SANDS BROTHERS ASSET MANAGEMENT LLC
- 6. Product type(s): No Product
- 7. Allegation(s): SEC IA RELEASE 3099, OCTOBER 22, 2010: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTIONS 203(E), 203(F), AND 203(K) OF THE INVESTMENT ADVISERS

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████ - SANDS, STEVEN BRETT

Reportable Events

Regulatory Action DRP

DRP Version 05/2009

ACT OF 1940 ("ADVISERS ACT") AGAINST STEVEN SANDS ("SANDS" OR "RESPONDENT"). IN ANTICIPATION OF THE INSTITUTION OF PROCEEDINGS, SANDS SUBMITTED AN OFFER OF SETTLEMENT ("OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT.

THE COMMISSION FOUND THAT THE PROCEEDINGS STEMMED FROM THE FAILURES OF SANDS' INVESTMENT ADVISER FIRM REGISTERED WITH THE COMMISSION TO COMPLY WITH CERTAIN RECORD-KEEPING AND OTHER PROVISIONS OF THE ADVISERS ACT. IN PARTICULAR, THE INVESTMENT ADVISER VIOLATED (I) SECTION 204 OF THE ADVISERS ACT AND RULE 204(2) GOVERNING THE RETENTION AND PRODUCTION TO THE STAFF UPON REQUEST OF CERTAIN REQUIRED DOCUMENTS AND BOOKS AND RECORDS; (II) SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-2 GOVERNING THE DELIVERY OF ACCOUNT STATEMENTS AND SURPRISE EXAMINATION REQUIREMENTS FOR CERTAIN INVESTMENT ADVISER FUNDS; AND (III) SECTIONS 204 AND 207 OF THE ADVISERS ACT AND RULE 204-1 GOVERNING THE DISCLOSURES AND AMENDMENTS TO INVESTMENT ADVISER'S INVESTMENT ADVISER REGISTRATION STATEMENT ON FORM ADV. SANDS WAS A PRINCIPAL CONTACT PERSON FOR THE INVESTMENT ADVISER FIRM IN RESPONDING TO THE COMMISSION STAFF'S INQUIRIES AND OTHERWISE COMMUNICATING WITH THE STAFF DURING EXAMINATIONS OF THE FIRM AND SOMETIMES ACTED THROUGH EMPLOYEES AND AGENTS INCLUDING COMPLIANCE PERSONNEL. AS A LEAD PRINCIPAL OF THE INVESTMENT ADVISER FIRM, SANDS, ACTING THROUGH EMPLOYEES AND AGENTS INCLUDING COMPLIANCE PERSONNEL, WAS ALSO RESPONSIBLE FOR ENSURING THAT THE FIRM'S FILINGS ON FORM ADV WERE ACCURATE AND UP TO DATE.

8. Current status: Final

9. Limitations or restrictions while pending: --

10. If on appeal:

A. Appealed to:

B. Date appealed/Explanation:

C. Limitations or restrictions while on appeal:

11. Resolution details:

A. Resolution detail: Order

B. Resolution date/Explanation: 10/22/2010

12. Final order: Yes

13. Sanction detail:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, STEVEN BRETT

Reportable Events

Regulatory Action DRP

DRP Version 05/2009

A. Sanctions ordered: Cease and Desist  
Censure

B. Other sanctions:

C. Willful violation or failure to supervise: Yes

i. Willfully violated: No

ii. Willfully aided, abetted, counseled, commanded, induced, or procured: Yes

iii. Failed reasonably to supervise another person: No

D. Sanction type details:

E. Qualification type details:

F. Monetary related sanction type details:

14. Comment:

SOLELY FOR THE PURPOSE OF THE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER HIM AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, SANDS CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER PURSUANT TO SECTIONS 203(E), 203(F), AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ORDER").

THE COMMISSION FOUND THAT SANDS WILLFULLY AIDED AND ABETTED AND CAUSED THE INVESTMENT ADVISER FIRM'S VIOLATIONS OF SECTIONS 204, 206(4), AND 207 OF THE ADVISERS ACT RULES 204-1, 204-2(A) AND (B) AND 206(4)-2 THEREUNDER.

THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENT'S OFFER.

THE COMMISSION ORDERED THAT:

A. RESPONDENT SANDS SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 204, 206(4), AND 207 OF THE ADVISERS ACT AND RULES 204-1, 204-2(A) AND (B), AND 206(4)-2 THEREUNDER.

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual 7 [REDACTED] - SANDS, STEVEN BRETT

Reportable Events

Regulatory Action **DRP**      **DRP Version** 05/2009

B. RESPONDENT SANDS IS CENSURED.

Regulator Archive and Z Records

Occurrence#	201141	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		

Filing ID	8728740	Form (Form Version)	U4 (08/1999)
Filing Date	09/26/2001		
Source	26816 - SANDS BROTHERS & CO., LTD.		
Disclosure Questions Answered			

Customer Complaint **DRP**      **DRP Version** 10/2005

1. Customer name(s): JOSEPH NEDERLANDER, ET AL, (RELATED ACCOUNTS UNDER HIS CONTROL)
2. Customer(s) state of residence:  
Other state(s) of residence/Detail:
3. Employing firm: SANDS BROTHERS & CO., LTD.
4. Allegation(s):  
I WAS NAMED AS CHAIRMAN OF SANDS BROTHERS & CO., LTD. IN A STATEMENT OF CLAIM FILED ON OR ABOUT MARCH 22, 1994 ALLEGING, IN ESSENCE, UNSUITABLE AND UNAUTHORIZED OPTIONS TRADING ACTIVITIES IN RELATED AND CONTROLLED ACCOUNTS OF A SOPHISTICATED AND EXPERIENCED OPTION SPECULATOR AFTER HE ARRIVED AT THE BELIEF THAT HE HAD LOST MONEY IN OPTIONS STRATEGIES HE INITIATED THE CLAIM ALLEGES SOME \$10,000.00 IN LOSSES TO ACCOUNTS UNDER HIS CONTROL.
5. Principal product type:  
Other product types:
6. Alleged compensatory damages: \$10,570,000.00
7. Date complaint received/Explanation:
8. Currently pending: No
9. Status: Arbitration/Reparation
10. Status date/Explanation:
11. Settlement amount:
12. Individual contribution amount:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual 73 - SANDS, STEVEN BRETT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

- 13. Arbitration/Reparation claim filed with, Docket/Case#: NATIONAL ASSOC. OF SECURITIES DEALERS; 94-00998
- 14. Date notice served/ Explanation: 03/22/1994
- 15. Arbitration/Reparation pending: No
- 16. Disposition: Withdrawn
- 17. Disposition date/Explanation: 05/05/1995
- 18. Compensation amount:
- 19. Individual contribution amount:
- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:
- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:
- 28. Comment: NOTAPPLICABLE.

Filing ID	149415	Form (Form Version)	U6 (08/1999)
Filing Date	07/07/1999		
Source	UNKNOWN		
Disclosure Questions Answered			

SRO Arbitration/Reparation DRP

DRP Version 10/2005

- 1. Case name: FREDERICK NEDERLANDER, HARRY NEDERLANDER ET AL VS SANDS BROTHERS & CO., LTD, MARTIN S. SANDS, ET AL.
- 2. Arbitration/Reparation filed with: UNKNOWN
- 3. Date case initiated: 03/22/1994
- 4. Case number: 94-00998
- 5. Employing firm: SANDS BROTHERS & CO., LTD.
- 6. Allegation(s): SUITABILITY; UNAUTHORIZED TRADING; MISREPRESENTATION; ACCOUNT RELATED - FAILURE TO SUPERVISE
- 7. Principal product type:
- Other product types:



Individual ██████████ - SANDS, STEVEN BRETT

Regulator Archive and Z Records

SRO Arbitration/Reparation DRP

DRP Version 10/2005

8. Alleged compensatory damages: \$10,570,000.00

9. Currently pending resolution: No

Resolution: Withdrawn

Date resolved: 05/05/1995

10. Disposition details: CASE CLOSED, SETTLED/OTHER  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF  
 REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT  
 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF  
 REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND  
 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS  
 WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND  
 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS  
 WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND  
 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS  
 WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND  
 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS  
 WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND  
 SEVERALLY;  
 INTEREST, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC,  
 AWARD AMOUNT JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, RELIEF REQUEST IS  
 WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND  
 SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, RELIEF REQUEST IS  
 WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND  
 SEVERALLY

Occurrence#	1027397	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		
Filing ID	16622750	Form (Form Version)	U4 (10/2005)
Filing Date	11/22/2005		
Source	119037 - LAIDLAW & COMPANY (UK) LTD.		
Disclosure Questions Answered	14l(1)(a), 14l(3)(a)		

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): MR. LOWELL DUBROW & MR. FRED DUBROW

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

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Individual 7 [REDACTED] - SANDS, STEVEN BRETT

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Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

2. Customer(s) state of residence: Pennsylvania  
Other state(s) of residence/Detail:
3. Employing firm: SANDS BROTHERS & CO., LTD.
4. Allegation(s): PURCHASING UNSUITABLE INVESTMENTS, THE UNAUTHORIZED PURCHASE OF SECURITIES, EXCESSIVE TRADING, FAILING TO ADHERE TO CUSTOMER INSTRUCTIONS, GROSS NEGLIGENCE, FRAUDULENT MISREPRESENTATION, MISMANAGEMENT, NEGLIGENT SUPERVISION, BREACH OF FIDUCIARY DUTY AND ERISA VIOLATIONS.
5. Principal product type: Equity - OTC  
Other product types:
- 
6. Alleged compensatory damages: \$10,000,000.00
- 
7. Date complaint received/Explanation: 07/25/2001
8. Currently pending: No
9. Status: Denied
- 
10. Status date/Explanation: 10/08/2001
- 
11. Settlement amount:
12. Individual contribution amount:
13. Arbitration/Reparation claim filed with, Docket/Case#:
- 
14. Date notice served/ Explanation:
- 
15. Arbitration/Reparation pending:
16. Disposition:
17. Disposition date/Explanation:
- 
18. Compensation amount:
19. Individual contribution amount:
- 
20. Court, Docket/Case#:
21. Date/Explanation:
22. Litigation pending:
- 
23. Disposition:
- 
24. Date/Explanation:
25. Compensation amount:
26. Individual contribution amount:

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CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual 73 [REDACTED] - SANDS, STEVEN BRETT

Regulator Archive and Z Records

Customer Complaint DRP      DRP Version 10/2005

27. Appeal date/Explanation:

28. Comment:      I CATEGORICAL DENY THE CUSTOMERS' ALLEGATIONS. THIS MATTER WILL VIGOROUSLY BE DEFENDED.

Occurrence#	1188805	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		
Filing ID	25843382	Form (Form Version)	U4 (05/2009)
Filing Date	06/09/2009		
Source	115358 - LANE CAPITAL MARKETS LLC		
Disclosure Questions Answered	14I(1)(a)		

Customer Complaint DRP      DRP Version 05/2009

1. Customer name(s):      JACK A. SUNSERI

2. Residence information:

A. Customer(s) state of residence:      California

B. Other state(s) of residence/ detail:

3. Employing firm:      SANDS BROTHER & CO., LTD.

4. Allegation(s):      RESPONDENTS CONSPIRED TO KNOWINGLY CONCEAL FROM CLAIMANT THE TRUTH AND MATERIAL FACTS IN THE WORLDSKY RECOMMENDATION BREACHING THEIR FIDUCIARY DUTY AND IN VIOLATION OF SECTION 12 (2) OF THE '33 ACT.

5. Product type(s):      Direct Investment-DPP & LP Interest

6. Alleged compensatory damage amount:      \$440,000.00

Explanation:

7. Customer complaints:

A. Oral complaint:

B. Written complaint:

C. Arbitration/CFTC reparation or civil litigation:

i. Arbitration/Reparation forum court name/location:

ii. Docket/Case#:

iii. Arbitration or civil litigation filing date:

D. Date received by/Served on      02/20/2000  
firm/Explanation:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

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Individual    7 [REDACTED] - SANDS, STEVEN BRETT  
Regulator Archive and Z Records

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Customer Complaint DRP

DRP Version    05/2009

8. Complaint, arbitration/CFTC reparation, civil litigation pending:      No
9. Complaint, arbitration/CFTC reparation or civil status:      Evolved into Arbitration/CFTC reparation (the individual is a named party)
10. Status date/Explanation:      11/07/2003
11. Settlement/Award/Monetary judgment:
- A. Award amount:
  - B. Contribution amount:
12. Arbitration/CFTC reparation information:
- A. Arbitration/CFTC reparation claim filed with:      NASD
  - B. Docket/Case#:      03-07303
  - C. Date notice/Process was served/Explanation:      11/07/2003
13. Pending arbitration/ CFTC reparation:      No
14. Disposition:      Withdrawn
15. Disposition date/Explanation:      07/29/2005
16. Monetary compensation details:
- A. Total compensation amount:
  - B. Contribution amount:
17. Court in which case was filed:
- A. Name of court:
  - B. Location of court:
  - C. Docket/Case#:
18. Date notice/process was served/Explanation:
19. Pending civil litigation:
20. Civil litigation status:
21. Disposition date/Explanation:
22. Monetary compensation details:
- A. Total compensation amount:
  - B. Contribution amount:
23. If action is currently on appeal:
- A. Appeal date/Explanation:

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CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.



Individual 7 [REDACTED] - SANDS, STEVEN BRETT

Regulator Archive and Z Records

Occurrence#	1236923	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		
Filing ID	15337681	Form (Form Version)	U4 (06/2003)
Filing Date	05/02/2005		
Source	119037 - LAIDLAW & COMPANY (UK) LTD.		
Disclosure Questions Answered	14I(1)(c)		

Customer Complaint DRP DRP Version 10/2005

1. Customer name(s): JAY HOGE
2. Customer(s) state of residence: California  
Other state(s) of residence/Detail:
3. Employing firm: SANDS BROTHERS & CO., LTD
4. Allegation(s): CLAIMANT A PUBLIC CUSTOMER ALLEGES BREACH OF FIDUCIARY DUTY, CONSTRUCTIVE FRAUD, FAILURE TO SUPERVISE, VIOLATION OF FEDERAL AND STATE SECURITIES LAWS AND NASD AND NYSE RULES. CLAIMANT SEEKS DAMAGES IN EXCESS OF \$1,000,000.00 PLUS CONSEQUENTIAL, LOST OPPORTUNITY AND PUNITIVE DAMAGES AS WELL AS COSTS, INTERESTS AND ATTORNEYS FEES
5. Principal product type: Other  
Other product types:
6. Alleged compensatory damages: \$0.00
7. Date complaint received/Explanation: 09/05/2001
8. Currently pending: No
9. Status: Arbitration/Reparation
10. Status date/Explanation: 07/14/2004
11. Settlement amount: \$3,166,000.00
12. Individual contribution amount: \$0.00
13. Arbitration/Reparation claim filed with, Docket/Case#: NYSE CASE #2001-009402
14. Date notice served/ Explanation: 09/05/2001
15. Arbitration/Reparation pending: No
16. Disposition: Dismissed
17. Disposition date/Explanation: 07/14/2004
18. Compensation amount: \$3,166,000.00
19. Individual contribution amount: \$0.00

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual 7 [REDACTED] - SANDS, STEVEN BRETT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:
- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:
- 28. Comment:

1. RESPONDENT SANDS BROTHERS & CO., LTD SHALL PAY CLAIMANT \$1,855,000.00;  
 2. RESPONDENTS SANDS BROTHERS & CO., LTD AND STEPHEN SOLER ARE JOINTLY AND SEVERALLY LIABLE TO CLAIMANT FOR \$311,000.00  
 3. WILLIAM IOMMI SR. WAS DISMISSED FROM THE ARBITRATION. THE PANEL ORDERS EXPUNGEMENT OF HIS CRD RECORD BY A COURT OF COMPETENT JURISDICTION.  
 4. MARTIN SANDS AND STEVEN SANDS WERE DISMISSED, INDIVIDUALLY. THE PANEL WILL NOT ORDER EXPUNGEMENT OF THEIR CRD RECORDS.  
 5. RESPONDENT SANDS BROTHERS & CO., LTD SHALL PAY CLAIMANT PUNITIVE DAMAGES OF \$1,000,000.00  
 6. FORUM FEES OF \$27,000.00 SHALL BE ASSESSED EQUALLY AGAINST CLAIMANT AND RESPONDENTS SANDS BROTHERS & CO., LTD AND STEPHEN SOLER. CLAIMANT TO PAY \$13,500.00 AND RESPONDENTS SANDS BROTHERS & CO., LTD AND STEPHEN SOLER TO PAY \$13,500.00.

<b>Filing ID</b>	14858389	<b>Form (Form Version)</b>	U6 (06/2003)
<b>Filing Date</b>	01/26/2005		
<b>Source</b>	New York Stock Exchange		
<b>Disclosure Questions Answered</b>			

SRO Arbitration/Reparation DRP

DRP Version 10/2005

- 1. Case name: JAY HOGE V SANDS BROTHERS & CO.,LTD., STEPHEN SOLER, WILLIAM A IOMMI, SR., MARTIN S SANDS AND STEVEN B SANDS AND DOES 1-20.
- 2. Arbitration/Reparation filed with: NYSE
- 3. Date case initiated: 09/05/2001
- 4. Case number: 2001-009402
- 5. Employing firm: SANDS BROTHERS & CO LTD
- 6. Allegation(s): CLAIMANT, A PUBLIC CUSTOMER, ALLEGES BREACH OF FIDUCIARY DUTY, CONSTRUCTIVE FRAUD, FAILURE TO

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual 7 [REDACTED] - SANDS, STEVEN BRETT

Regulator Archive and Z Records

SRO Arbitration/Reparation DRP

DRP Version 10/2005

SUPERVISE, VIOLATION OF FEDERAL AND STATE SECURITIES LAWS AND NASD AND NYSE RULES. CLAIMANT ALSO ALLEGES UNAUTHORIZED TRANSACTIONS AND FAILURE TO FOLLOW INSTRUCTIONS. CLAIMANT SEEKS DAMAGES IN EXCESS OF \$1,000,000.00 PLUS CONSEQUENTIAL, LOST OPPORTUNITY AND PUNITIVE DAMAGES AS WELL AS COSTS, INTERESTS AND ATTORNEY'S FEES.

7. Principal product type: Other  
 Other product types:  
 8. Alleged compensatory damages: \$0.00  
 9. Currently pending resolution: No  
 Resolution: Dismissed  
 Date resolved: 07/14/2004

10. Disposition details: 1. RESPONDENT SANDS BROTHERS & CO., LTD. SHALL PAY CLAIMANT \$1,855,000.00; AND 2. RESPONDENTS SANDS BROTHERS & CO., LTD. AND STEPHEN SOLER ARE JOINTLY AND SEVERALLY LIABLE TO CLAIMANT FOR \$311,000.00. 4. WILLIAM ANTHONY IOMMI, SR. WAS DISMISSED FROM THE ARBITRATION. THE PANEL ORDERS EXPUNGMENT OF HIS CRD RECORD BY A COURT OF COMPETENT JURISDICTION. 5. MARTIN SANDS AND STEVE SANDS WERE DISMISSED, INDIVIDUALLY. THE PANEL WILL NOT ORDER EXPUNGMENT OF THEIR CRD RECORDS. 6. RESPONDENT SANDS BROTHERS & CO., LTD SHALL PAY CLAIMANT PUNITIVE DAMAGES OF \$1,000,000.00. 7. FORUM FEES OF \$27,000 SHALL BE ASSESSED EQUALLY AGAINST CLAIMANT AND RESPONDENTS SANDS BROTHERS & CO., LTD. AND STEPHEN SOLER. CLAIMANT TO PAY \$13,500 AND RESPONDENTS SANDS BROTHERS & CO., LTD. AND STEPHEN SOLER TO PAY \$13,500.

Occurrence#	1267715	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		

Filing ID	15961723	Form (Form Version)	U4 (06/2003)
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Filing Date	08/19/2005
Source	119037 - LAIDLAW & COMPANY (UK) LTD.
Disclosure Questions Answered	14I(1)(a), 14I(3)(a)

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): JERJIS J. DENNO, MD, SHATHA DENNO AND FAYKA DALLO  
 2. Customer(s) state of residence: Texas  
 Other state(s) of residence/Detail:



Individual ██████ - SANDS, STEVEN BRETT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

- 3. Employing firm: SANDS BROTHERS AND CO., LTD.
- 4. Allegation(s): CLAIMANTS ALLEGE UNSUITABLE, EXCESSIVE ACTIVITY AND COMMISSIONS.
- 5. Principal product type: Direct Investment(s) - DPP & LP Interest(s)  
Other product types: EQUITIES, OPTIONS, AND BONDS.
- 6. Alleged compensatory damages: \$1,250,000.00
- 7. Date complaint received/Explanation: 03/27/2003
- 8. Currently pending: No
- 9. Status: Denied, Arbitration/Reparation
- 10. Status date/Explanation: 05/29/2003

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- 11. Settlement amount: \$0.00
- 12. Individual contribution amount: \$0.00
- 13. Arbitration/Reparation claim filed with, Docket/Case#: NASD ARBITRATION CASE NO. ██████
- 14. Date notice served/ Explanation: 08/20/2003

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- 15. Arbitration/Reparation pending: No
- 16. Disposition: No Action
- 17. Disposition date/Explanation: 03/31/2005
- 18. Compensation amount: \$0.00

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- 19. Individual contribution amount: \$0.00

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- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:
- 24. Date/Explanation:

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- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:

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- 28. Comment: DR. DENNO ALLEGES I WAS A BROKER AND SOLD HIM INVESTMENTS. THIS IS ABSOLUTELY UNTRUE. IN ALL MY YEARS AT SANDS BROTHERS, I HAVE NEVER ACTED AS A BROKER FOR ANYOPNE, NOR DID I IN ANY WAY CONTRIBUTE TO ANY SALES OR SOLICITATION EFFORT WITH DR. DENNO. THE ONLY CONVERSATION I RECALL WITH DR. DENNO WAS WHEN HE

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual 7 [REDACTED] - SANDS, STEVEN BRETT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

ASKED ME WHETHER HE COULD MAKE AN EXTRAORDINARY REDEMPTION FROM A PRIVATE INVESTMENT, WHICH WAS NOT PROVIDED FOR UNDER THE TERMS OF THE OFFERING DOCUMENTS. DR. DENNO NEVER COMPLAINED TO ME. I AM BAFLED AS TO WHY I WOULD BE NAMED IN THIS MATTER. THIS ACTION WILL BE VIGOROUSLY CONTESTED. ON OR ABOUT JANUARY 31, 2005, CLAIMANTS AND RESPONDENT SETTLED THEIR CLAIMS

Filing ID [REDACTED]  
Filing Date 08/15/2005  
Source FINRA  
Disclosure Questions Answered

Form (Form Version) U6 (06/2003)

SRO Arbitration/Reparation DRP

DRP Version 10/2005

1. Case name: JERJIS J. DENNO, MD, SHATHA DENNO AND FAYKADALLO V. SANDS BROTHERS & CO, LTD., AND STEVEN BRETT SANDS ET AL.
2. Arbitration/Reparation filed with: NASD
3. Date case initiated: 08/20/2003
4. Case number: [REDACTED]
5. Employing firm: SANDS BROTHERS & CO, LTD.
6. Allegation(s): BREACH OF FIDUCIARY DUTY, SUITABILITY, CHURNING, BREACH OF CONTRACT, AND FAILURE TO SUPERVISE.
7. Principal product type: Other  
Other product types: UNSPECIFIED EQUITIES, BONDS, LIMITED PARTNERSHIPS, AND OPTIONS.
8. Alleged compensatory damages: \$1,250,000.00
9. Currently pending resolution: No  
Resolution: Settled  
Date resolved: 01/31/2005
10. Disposition details: ON OR ABOUT JANUARY 31, 2005, CLAIMANTS AND RESPONDENT SETTLED THEIR CLAIMS.

Occurrence#	1280788	Disclosure Type	Investigation
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		

Filing ID [REDACTED]      Form (Form Version) U4 (10/2005)  
Filing Date 02/24/2006  
Source [REDACTED] - LAIDLAW & COMPANY (UK) LTD.  
Disclosure Questions Answered 14G(2)

Individual 7 [REDACTED] - SANDS, STEVEN BRETT

Regulator Archive and Z Records

Investigation DRP      DRP Version 10/2005

1. Notice received from: NASD
2. Notice date/Explanation: 06/22/2005
3. Nature of investigation: NASD INVESTIGATION ALLEGES THAT SANDS BROTHERS ACTING THROUGH STEVEN SANDS FAILED TO FILE AN APPLICATION WITH NASD AS REQUIRED BY NASD MEMBERSHIP AND REGISTRATION RULE 1017
4. Date resolved/Explanation: 11/11/2005

Occurrence# [REDACTED]      Disclosure Type Customer Complaint  
FINRA Public Disclosable No      Reportable No  
Material Difference in Disclosure No

Filing ID 25333163      Form (Form Version) U4 (10/2005)  
Filing Date 05/14/2009

Source 115358 - LANE CAPITAL MARKETS LLC  
Disclosure Questions Answered 14I(1)(a)

Customer Complaint DRP      DRP Version 10/2005

1. Customer name(s): MOHAMMAD AL NASSAR
2. Customer(s) state of residence: Not on List  
Other state(s) of residence/Detail: SAUDI ARABIA
3. Employing firm: SANDS BROTHERS & COMPANY LTD.
4. Allegation(s): FAILURE TO SUPERVISE
5. Principal product type: Other  
Other product types: UNSPECIFIED TYPE OF SECURITIES
6. Alleged compensatory damages: \$700,000.00
7. Date complaint received/Explanation: 02/05/2002
8. Currently pending: No
9. Status: Arbitration/Reparation
10. Status date/Explanation: 06/30/2003
11. Settlement amount:
12. Individual contribution amount:
13. Arbitration/Reparation claim filed with, Docket/Case#: NASD DOCKET NO. 03-04754
14. Date notice served/ Explanation: 08/07/2003
15. Arbitration/Reparation pending: No
16. Disposition: Dismissed

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████ - SANDS, STEVEN BRETT

Regulator Archive and Z Records

Customer Complaint DRP      DRP Version 10/2005

17. Disposition date/Explanation: 09/26/2006  
18. Compensation amount: \$0.00  
19. Individual contribution amount: \$0.00

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment: DISMISSED WITH NO MONETARY COMPENSATION.

Filing ID ██████      Form (Form Version) U6 (06/2003)

Filing Date 11/01/2006

Source FINRA

Disclosure Questions Answered

SRO Arbitration/Reparation DRP      DRP Version 10/2005

1. Case name: MOHAMMED AL-NASSER V. SANDS BROTHERS & CO., LTD. AND STEVEN BRETT SANDS, ET AL

2. Arbitration/Reparation filed with: NASD

3. Date case initiated: 06/30/2003

4. Case number: ██████

5. Employing firm: SANDS BROTHERS & CO., LTD.

6. Allegation(s): FAILURE TO SUPERVISE

7. Principal product type: Other

Other product types: UNSPECIFIED TYPE OF SECURITIES

8. Alleged compensatory damages: \$700,000.00

9. Currently pending resolution: No

Resolution: Other

Date resolved: 09/26/2006

10. Disposition details: STIPULATED AWARD ISSUED: THE PARTIES HAVE AMICABLY RESOLVED THEIR DIFFERENCES AND HAVE REQUESTED THIS STIPULATED AWARD.

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

CRD® or IARD(TM) System Current As Of: 10/02/2014  
Snapshot - Individual  
CRD® or IARD(TM) System Report provided to: SEC  
Request Submitted: 10/3/2014 1:34:51 PM

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Individual 7 [REDACTED] - SANDS, STEVEN BRETT

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Regulator Archive and Z Records

Occurrence#	[REDACTED]	Disclosure Type	Investigation
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		
Filing ID	[REDACTED]	Form (Form Version)	U4 (05/2009)
Filing Date	11/01/2010		
Source	[REDACTED] - LANE CAPITAL MARKETS LLC		
Disclosure Questions Answered	14G(2)		

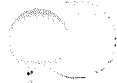
Investigation DRP

DRP Version 05/2009

- Investigation initiated by:
    - Notice received from: SEC
    - Full name of regulator: UNITED STATES SECURITIES AND EXCHANGE COMMISSION
  - Notice date/Explanation: 04/13/2009
  - Nature of investigation: THE COMMISSION HAS REQUESTED ADDITIONAL DOCUMENTS IN ORDER TO COMPLETE AN EARLIER REQUEST FOR BOOKS AND RECORDS. WE HAVE REQUESTED AND RECEIVED AN EXTENSION OF TIME TO REPLY UNTIL MAY 15, 2009.
  - Pending investigation: No
  - Resolution details:
    - Date resolved/Explanation: 10/22/2010
    - Investigation resolution: Closed - Regulatory Action Initiated
  - Comment:
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CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.









## Notice

**CRD® or IARD(TM) Information:** This report contains information from the CRD (Central Registration Depository) system, or the IARD system (Investment Advisers Registration Depository), which are operated by FINRA, a national securities association registered under the Securities Exchange Act of 1934. The CRD system primarily contains information submitted on uniform broker-dealer and agent registration forms and certain other information related to registration and licensing. The IARD system primarily contains information submitted on uniform investment adviser and agent registration forms and certain other information related to registration and licensing. The information on Uniform Forms filed with the CRD or IARD is deemed to have been filed with each regulator with which the applicant seeks to be registered or licensed and shall be the joint property of the applicant and such regulators. The compilation constituting the CRD database as a whole is the property of FINRA. Neither FINRA nor a participating regulator warrants or guarantees the accuracy or the completeness of the CRD or IARD information. CRD information consists of reportable and non-reportable information.

FINRA operates the CRD system in its capacity as a registered national securities association and pursuant to an agreement with the North American Securities Administrators Association, Inc. (NASAA).

FINRA operates the IARD system as a vendor pursuant to a contract with the Securities and Exchange Commission and undertakings with NASAA and participating state regulators.

**Reportable Information:** Information that is required to be reported on the current version of the uniform registration forms.

**Non-Reportable Information:** Information that is not currently reportable on a uniform registration form. Information typically is not reportable because it is out-of-date; it was reported in error; or some change occurred either in the disposition of the underlying event after it was reported or in the question on the form that elicited the information. Although not currently reportable, this information was once reported on a uniform form and, consequently, may have become a state record. Users of this information should recognize that filers have no obligation to update non-reportable data; accordingly, it may not reflect changes that have occurred since it was reported.

Individual ██████████ - SANDS, MARTIN SCOTT

**Administrative Information**  
**Composite Information**

Full Legal Name SANDS, MARTIN SCOTT  
 State of Residence CT

**Active Employments**

Current Employer SANDS BROTHERS ASSET MANAGEMENT LLC(110076)  
 Firm Main Address 601 LEXINGTON AVENUE  
 51ST FLOOR  
 NEW YORK  
 NY, UNITED STATES  
 10022

Firm Mailing Address 15 VALLEY DRIVE  
 GREENWICH  
 CT, UNITED STATES  
 06831

Business Telephone# ██████████

Independent Contractor No

**Office of Employment Address**

CRD Branch	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	07/13/1998		Located At
Address ██████████ ██████████ ██████████ ██████████							

Reportable Disclosures? Yes  
 Statutory Disqualification? SDYESWLLFLTIER3  
 Registered With Multiple Firms? No  
 Material Difference in Disclosure? No

**Personal Information**

Individual CRD# 1186904  
 Other Names Known By <<No Other Names found for this Individual.>>  
 Year of Birth 1961

**Registrations with Current Employer(s)**

Regulator	Registration Category	Status Date	Registration Status	Approval Date	
From 07/13/1998 To Present SANDS BROTHERS ASSET MANAGEMENT LLC(110076)	CT	RA	11/29/2004	APPROVED_RES	11/29/2004
	CT	RA	09/15/2004	PURGED	

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Administrative Information

Professional Designations

<<No Professional Designations found for this Individual.>>

Employment History

From	05/2009	To	Present	<b>Name</b>	LANE CAPITAL MARKETS, LLC
				<b>Location</b>	SOUTHPORT, CT, USA
				<b>Position</b>	REGISTERED REPRESENTATIVE
				<b>Investment Related</b>	Yes
From	07/1998	To	Present	<b>Name</b>	SANDS BROTHERS ASSET MANAGEMENT LLC
				<b>Location</b>	GREENWICH, CT, USA
				<b>Position</b>	CO-CHAIRMAN
				<b>Investment Related</b>	Yes
From	03/2009	To	03/2009	<b>Name</b>	LAIDLAW & COMPANY (UK) LTD
				<b>Location</b>	NEW YORK, NY, USA
				<b>Position</b>	REGISTERED REPRESENTATIVE
				<b>Investment Related</b>	Yes
From	01/2002	To	05/2008	<b>Name</b>	LAIDLAW & COMPANY (UK) LTD
				<b>Location</b>	NEW YORK, NY, USA
				<b>Position</b>	REGISTERED REPRESENTATIVE
				<b>Investment Related</b>	Yes
From	08/1990	To	10/2005	<b>Name</b>	SANDS BROTHERS & CO., LTD.
				<b>Location</b>	NEW YORK, NY
				<b>Position</b>	NOT PROVIDED
				<b>Investment Related</b>	Yes
From	04/1988	To	07/1990	<b>Name</b>	RODMAN & RENSHAW INC.
				<b>Location</b>	NEW YORK, NY
				<b>Position</b>	NOT PROVIDED
				<b>Investment Related</b>	Yes

Office of Employment History

From 07/1998 To Present

Name SANDS BROTHERS ASSET MANAGEMENT LLC(110076)

Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
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Individual ██████████ - SANDS, MARTIN SCOTT

**Administrative Information**

**Office of Employment History**

Name SANDS BROTHERS & CO., LTD.(26816)

Independent Contractor No

**Office of Employment Address**

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	08/01/1990	10/11/2005	Located At

Address ██████████  
 ██████████ ██████████

From 04/1988 To 07/1990

Name RODMAN & RENSHAW INC.(724)

Independent Contractor No

**Office of Employment Address**

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	04/15/1988	07/31/1990	Located At

Address ██████████  
 ██████████ ██████████

**Other Business**

1. PRESIDENT (NO OWNERSHIP INTEREST)PONDEROSA DRIVE PARTNERS. MANAGES-15 VALLEY DR., GREENWICH, CT, FARM/LANDSCAPING PROJECTS.
  2. MGR (BUT NOT A MEMBER)750 PARTNERS-BUILDING IN STAMFORD, CT.
  3. MGR OF SANDS BROTHERS ASSET MANAGEMENT-SEC REGISTERED ASSET MGR. RIA FOR GENESIS MERCHANT PARTNERS, SELECT ACCESS FUND OF FUNDS, VANTAGE POINT PARTNERS, SB VENTURE CAPITAL I, II, III, IV., KATIE AND ADAM PARTNERS, 280 PARTNERS, ETC.
  4. MGR (BUT NOT MEMBER)OF SB PETRO MANAGEMENT LLC MEMBER MGR OF SB PETRO PARTNERS I LLC AND SB PETRO PARTNERS II LLC.
  5. MGR-REAL ESTATE TRANSACTIONS-SB PRIME PROPERTIES, SB SANDS CENTER-TUSCON, DANBURY PRIME PROPERTIES-LEE FARM, DANBURY GENERAL PARTNERS-40-42 ORR, MELVILLE PARTNERS-MERIDEN.
  - 6.MGR (BUT NOT A MEMBER) OF MELVILLE PARTNERS LLC, WHICH IS MEMBER MGR OF MERIDEN PROPERTY LLC WHICH OWNS OFFICE PROPERTY IN MERIDEN CT.
  7. MEMBER MGR OF SB REALTY SERVICES LLC A REAL ESTATE CONSULT.
- THERE IS NO CONFLICT WITH HOURS.
8. AS OF 08/20/2010 PARTNER OF MY GOOD PENNY. THIS IS NOT SECURITIES RELATED. APPROXIMATELY 10 HOURS PER WEEK.

**Exam Appointments**

<<No Exam Appointments found for this Individual.>>

**Exam History**

Exam	Enrollment ID	Exam Status	Status Date	Exam Date	Grade	Score	Window Dates
S3	17927986	Official Result	10/24/1983	10/24/1983	Passed	70	-
S4	17927987	Window Expired	11/08/1990			0	

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Number of Reportable Events

Bankruptcy	0
Bond	0
Civil Judicial	0
Criminal	0
Customer Complaint	13
Internal Review	0
Investigation	0
Judgement/Lien	0
Regulatory Action	6
Termination	0

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	██████████	Fom (Form Version)	U4 (10/2005)
Filing Date	05/03/2007		
Source	119037 - LAIDLAW & COMPANY (UK) LTD.		
Disclosure Questions Answered	14I(1)(c)		

Customer Complaint-DRP      ~~DRP Version~~ 10/2005

- 1. Customer name(s): FRANKLIN GREGORY
- 2. Customer(s) state of residence: Michigan
- Other state(s) of residence/Detail:

3. Employing firm: RODMAN & RENSHAW

4. Allegation(s): NONE - CLAIM WAS FILED BY [CUSTOMER] AGAINST RODMAN & RENSHAW, INC. (FORMER EMPLOYER) AND MARTIN SANDS AND DAVID MITCHELL IN THE U.S. DIST COURT OR WESTERN DISTRICT OF MICHIGAN

5. Principal product type: Equity Listed (Common & Preferred Stock)  
Other product types: EQUITY-OTC

6. Alleged compensatory damages:

7. Date complaint received/Explanation: 07/16/1990

8. Currently pending: No

9. Status: Litigation

10. Status date/Explanation: 12/11/1990

11. Settlement amount:

12. Individual contribution amount:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual [REDACTED] SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP      DRP Version 10/2005

- 13. Arbitration/Reparation claim filed with, Docket/Case#:
- 14. Date notice served/ Explanation:
- 15. Arbitration/Reparation pending:      No
- 16. Disposition:
- 17. Disposition date/Explanation:
- 18. Compensation amount:
- 19. Individual contribution amount:
  
- 20. Court, Docket/Case#:      US DISTRICT; WESTERN DISTRICT OF MI; [REDACTED]
- 21. Date/Explanation:      07/16/1990

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- 22. Litigation pending:      No
- 23. Disposition:      Dismissed
- 24. Date/Explanation:      01/03/1991
- 25. Compensation amount:      \$11,000.00
- 26. Individual contribution amount:

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- 27. Appeal date/Explanation:
- 28. Comment:      THIS MATTER WAS SETTLED BY RODMAN & RENSHAW, MY FORMER EMPLOYER - ORDER OF DISMISSAL FROM U.S. DISTRICT COURT WAS FILED ON JAN 3, 1991. NOT PROVIDED

Filing ID      [REDACTED]      Form (Form Version)      U5 (10/2005)  
Filing Date      12/20/2005  
Source      724 - RODMAN & RENSHAW INC.  
Disclosure Questions Answered

Customer Complaint DRP      DRP Version 10/2005

- 1. Customer name(s):      FRANKLIN GREGORY-CUSTOMER

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- 2. Customer(s) state of residence:  
Other state(s) of residence/Detail:
- 3. Employing firm:

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- 4. Allegation(s):      BREACH OF CONTRACT, MISREPRESENTATION, FRAUD AND OR DECEIT, NEGLIGENCE, BREACH OF FIDUCIARY DUTIES. ASKED FOR JUDGEMENT IN EXCESS OF \$50,000.00

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- 5. Principal product type:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual [REDACTED] - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

Other product types:

6. Alleged compensatory damages:

7. Date complaint received/Explanation:

8. Currently pending: No

9. Status: Arbitration/Reparation, Litigation

10. Status date/Explanation:

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#: UNKNOWN CONVERSION

14. Date notice served/ Explanation:

15. Arbitration/Reparation pending: No

16. Disposition: Settled

17. Disposition date/Explanation: 12/11/1990

18. Compensation amount: \$11,000.00

19. Individual contribution amount:

20. Court, Docket/Case#: US DISTRICT; WESTERN DISTRICT OF MI; 190CV628

21. Date/Explanation: 07/16/1990

22. Litigation pending: No

23. Disposition: Dismissed

24. Date/Explanation: 01/03/1991

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment: WAS SETTLED WITH CUSTOMER FOR \$11,000.00. THIS AMOUNT WAS CHARGED TO THE GROUP OF WHICH SANDS WAS A MEMBER. ON 9/26/90 THE COURT STAGED THE SUIT AND COMPELLED THE PARTIES TO ARBITRATE THIS DISPUTE.

Occurrence#	[REDACTED]	Disclosure Type	Regulatory Action
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	[REDACTED]	Form (Form Version)	U4 (08/1999)
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Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Filing Date 01/09/2002
Source ██████████ - SANDS BROTHERS & CO., LTD.
Disclosure Questions Answered 23D(2), 23D(4)

Regulatory Action DRP DRP Version 10/2005

- 1. Regulatory action initiated by: COMMISSIONER OF SECURITIES FOR STATE OF WISCONSIN
2. Principal sanction: Other sanction(s):
3. Date Initiated/Explanation: 05/03/1991
4. Docket/Case#: ██████████ (L)
5. Employing firm: SANDS BROTHERS MITCHELL & CO, INC.
6. Principal product type: No Product
7. Allegation(s): TRANSACTING BUSINESS WITH PERSONS IN STATE OF WISCONSIN AS A SECURITY AGENT UNLESS AND UNTIL LICENSED AS A SECURITY AGENT PURSUANT TO WISCONSIN STATUTES
8. Current status: Final
9. Appealed to:
10. Resolution: Consent
11. Resolution date/Explanation: 05/21/1991
12. A. Resolution detail:
B. Other sanction(s) ordered:
C. Sanction detail: PROHIBITION FROM CONDUCTING SECURITY BUSINESS UNTIL LICENSED AND PROHIBITION FROM EMPLOYING AGENTS TO TRANSACT BUSINESS IN WISCONSIN UNLESS REGISTERED.
13. Comment: THESE TRANSACTIONS WERE WITH CLIENTS WHO HAD TRANSFERRED THEIR ACCOUNTS FROM MY PRIOR EMPLOYER WHICH WAS REGISTERED IN WISCONSIN AS WAS I. SANDS BROTHERS IS NOW REGISTERED AS A BROKDER/DEALER IN WISCONSIN AND MY APPLICATION FOR REGISTRATION IS PENDING REVIEW IN WISCONSIN AS AN AGENT.

Filing ID ██████████ Form (Form Version) U6 (08/1999)



Individual ██████ - SANDS, MARTIN SCOTT

Reportable Events

Filing Date 07/07/1999  
 Source Wisconsin  
 Disclosure Questions Answered

Regulatory Action DRP

DRP Version 10/2005

1. Regulatory action initiated by: WI SEC
2. Principal sanction:  
Other sanction(s):
3. Date Initiated/Explanation: 05/03/1991
4. Docket/Case#: ██████ (L)
5. Employing firm: SANDS BROTHERS MITCHELL & CO, INC.
6. Principal product type:  
Other product type(s):

7. Allegation(s): FAILURE TO PROPERLY SUPERVISE AGENTS
8. Current status: Final
9. Appealed to:
10. Resolution: Consent

11. Final order:
12. Resolution date/Explanation: 05/21/1991

13. A. Resolution detail:

B. Other sanction(s) ordered:

C. Sanction detail: CONSENT ORDER OF PROHIBITION

14. Comment: AS PRESIDENT OF SANDS BROTHERS MITCHELL & CO., LIMITED, RESPONDENT FAILED TO PROPERLY SUPERVISE AGENTS STEVENB SANDS AND SCOTT FRANKLIN, WHO EFFECTED OVER 40 TRANSACTIONS IN THE ACCOUNTS OF 13 WISCONSIN CUSTOMERS, WHEN NEITHER THE FIRM NOR THE AGENTS WERE LICENSED IN WISCONSIN.

Occurrence#	█████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID ██████ Form (Form Version) U4 (08/1999)  
 Filing Date 12/08/1999  
 Source ██████ - SANDS BROTHERS & CO., LTD.  
 Disclosure Questions Answered 23(1)(c)

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): PROFESSIONAL PROTOTYPE I INSURANCE CO.
2. Customer(s) state of residence: California  
Other state(s) of residence/Detail:
3. Employing firm: RODMAN & RENSHAW, INC
4. Allegation(s): ARBITRATION WAS COMMENCED AGAINST RODMAN & RENSHAW MY FORMER EMPLOYER AND MYSELF FOR ALLEGED LOSSES IN CLAIMANT ACCOUNT
5. Principal product type: Equity Listed (Common & Preferred Stock)  
Other product types: EQUITY-OTC
6. Alleged compensatory damages:

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7. Date complaint received/Explanation: 01/15/1991
8. Currently pending: No
9. Status: Arbitration/Reparation
10. Status date/Explanation: 09/09/1992

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11. Settlement amount:
12. Individual contribution amount:
13. Arbitration/Reparation claim filed with, Docket/Case#: AMERICAN ARBITRATION ASSOCIATION; ██████████

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14. Date notice served/ Explanation: 01/15/1991
15. Arbitration/Reparation pending: No

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16. Disposition: Settled
17. Disposition date/Explanation: 09/09/1992
18. Compensation amount: \$20,000.00
19. Individual contribution amount: \$20,000.00

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20. Court, Docket/Case#:
21. Date/Explanation:
22. Litigation pending:
23. Disposition:

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24. Date/Explanation:
25. Compensation amount:
26. Individual contribution amount:
27. Appeal date/Explanation:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

28. Comment:

RODMAN & RENSHAW, MY FORMER EMPLOYER SETTLED WITH CLAIMANT FOR \$50,000.00, I SETTLED WITH CLAIMANT FOR \$20,000.00  
MY FORMER EMPLOYER RODMAN & RENSHAW AGREED TO THIS DISPUTE WITH CLAIMANT AND I FELT IT WAS IN MY BEST INTEREST TO JOIN IN THIS SETTLEMENT WITHOUT ADMITTING ANY OF THE ALLEGATION THEREIN.

Filing ID ██████████

Form (Form Version) U5 (08/1999)

Filing Date 07/07/1999

Source ██████████ - RODMAN & RENSHAW INC.

Disclosure Questions Answered

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): PROFESSIONAL PROTOTYPE INSURANCE CO.

2. Customer(s) state of residence:  
Other state(s) of residence/Detail:

3. Employing firm: RODMAN & RENSHAW, INC

4. Allegation(s): ALLEGED ACCOUNT WAS MISHANDLED. DAMAGES TO BE DETERMINED BY ARBITRATORS.

5. Principal product type:  
Other product types:

6. Alleged compensatory damages:

7. Date complaint received/Explanation:

8. Currently pending: No

9. Status: Arbitration/Reparation

10. Status date/Explanation:

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#: American Arbitration Association; 74-136-0091-91

14. Date notice served/ Explanation: 01/15/1991

15. Arbitration/Reparation pending: No

16. Disposition: Settled

17. Disposition date/Explanation: 09/09/1992

18. Compensation amount: \$20,000.00

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP      DRP Version 10/2005

19. Individual contribution amount: \$20,000.00

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment: RODMAN & RENSHAW, INC. SETTLED WITH CLAIMANT FOR \$50,000.00 TO AVOID EXPENSE OF LITIGATION SETTLEMENT, DID NOT INCLUDE MARTIN SANDS.  
Not Provided

Occurrence#	█████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	█████	Form (Form Version)	U4 (10/2005)
Filing Date	12/20/2005		
Source	█████ - SANDS BROTHERS & CO., LTD.		
Disclosure Questions Answered	14l(1)(b)		

Customer Complaint DRP      DRP Version 10/2005

1. Customer name(s): CUSTOMER - ARTHUR HRYHOROWYCH

2. Customer(s) state of residence: Illinois

Other state(s) of residence/Detail:

3. Employing firm: RODMAN & RENSHAW

4. Allegation(s): CUSTOMER ALLEGED COMPENSATORY DAMAGES IN THE AMOUNT OF \$15,000.00 AS A RESULT OF ALLEGED LOSSES IN HIS ACCOUNT

5. Principal product type: Equity Listed (Common & Preferred Stock)

Other product types: EQUITY-OTC

6. Alleged compensatory damages: \$15,000.00

7. Date complaint received/Explanation: 05/21/1991

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP DRP Version 10/2005

- 8. Currently pending: No
- 9. Status: Arbitration/Reparation
- 10. Status date/Explanation: 02/18/1992
- 11. Settlement amount:
- 12. Individual contribution amount:
- 13. Arbitration/Reparation claim filed with, Docket/Case#: NASD; ██████████
- 14. Date notice served/ Explanation: 06/05/1991
- 15. Arbitration/Reparation pending: No
- 16. Disposition: Award to Customer
- 17. Disposition date/Explanation: 02/18/1992
- 18. Compensation amount: \$2,244.75
- 19. Individual contribution amount:
- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:
- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:
- 28. Comment: ARBITRATION AWARD IN THE AMOUNT OF \$2,244.75 IN FAVOR OF CUSTOMER. NOT PROVIDED

Filing ID ██████████ Form (Form Version) U6 (08/1999)  
Filing Date 07/07/1999  
Source UNKNOWN  
Disclosure Questions Answered

SRO Arbitration/Reparation DRP DRP Version 10/2005

- 1. Case name: ARTHUR HRYHOROWYCH V. MARTIN SANDS AND JACK LASDAY
- 2. Arbitration/Reparation filed with: UNKNOWN
- 3. Date case initiated: 06/05/1991

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████ - SANDS, MARTIN SCOTT

Reportable Events

SRO Arbitration/Reparation DRP DRP Version 10/2005

- 4. Case number: ██████
- 5. Employing firm:
- 6. Allegation(s): UNAUTHORIZED TRADING; MISREPRESENTATION
- 7. Principal product type:  
Other product types:
- 8. Alleged compensatory damages: \$15,000.00
- 9. Currently pending resolution: No  
Resolution: Other  
Date resolved: 02/18/1992
- 10. Disposition details: AWARD AGAINST PARTY  
\*\*\*MARTIN SANDS WAS LIABLE FOR \$2,244.75  
IN DAMAGES\*\*\*

<b>Occurrence#</b>	920038	<b>Disclosure Type</b>	Regulatory Action
<b>FINRA Public Disclosable</b>	Yes	<b>Reportable</b>	Yes
<b>Material Difference in Disclosure</b>	No		

Filing ID ██████ Form (Form Version) U4 (08/1999)

Filing Date 11/06/2000

Source ██████ - SANDS BROTHERS & CO., LTD.

Disclosure Questions Answered 23E(2), 23E(4)

Regulatory Action DRP DRP Version 10/2005

- 1. Regulatory action initiated by: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT
- 2. Principal sanction: Censure  
Other sanction(s): FINE OF \$50,000 AND A SUSPENSION FOR A PERIOD OF THREE MONTHS FROM ALL SUPERVISORY POSITIONS AND RESPONSIBILITIES
- 3. Date Initiated/Explanation: 08/26/2000
- 4. Docket/Case#: EXCHANGE HEARING PANEL DECISION 00-174
- 5. Employing firm: SANDS BROTHERS & CO., LTD.
- 6. Principal product type: No Product  
Other product type(s):
- 7. Allegation(s): VIOLATION OF EXCHANGE RULE 342 BY FAILING TO REASONABLY DISCHARGE MY DUTIES AND OBLIGATIONS IN CONNECTION WITH MY SUPERVISORY RESPONSIBILITIES AS THE FIRM'S PRESIDENT AND CO-CHAIRMAN OF THE BOARD.
- 8. Current status: Final
- 9. Appealed to:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Regulatory Action **DRP**      **DRP Version** 10/2005

- 10. Resolution: Stipulation and Consent
  
- 11. Resolution date/Explanation: 10/17/2000
  
- 12. A. Resolution detail: Monetary/Fine Sanction (Amount: \$50,000.00), Censure Sanction
- B. Other sanction(s) ordered:
- C. Sanction detail: CONSENTED TO A CENSURE, FINE OF \$50,000, AND A SUSPENSION FOR A PERIOD OF THREE MONTHS FROM ALL SUPERVISORY POSITIONS AND RESPONSIBILITIES, INCLUDING BUT NOT LIMITED TO, PARTICIPATING IN BUSINESS DECISIONS AT THE FIRM, ATTENDING AND/OR PARTICIPATING AT MEETINGS OF THE FIRM'S BOARD OF DIRECTORS FROM NOVEMBER 13, 2000 THROUGH FEBRUARY 13, 2001.

13. Comment:

Filing ID ██████████      Form (Form Version) U6 (08/1999)  
Filing Date 11/27/2000  
Source New York Stock Exchange

Disclosure Questions Answered

Regulatory Action **DRP**      **DRP Version** 10/2005

- 1. Regulatory action initiated by: NYSE DIVISION OF ENFORCEMENT
  
- 2. Principal sanction:  
    Other sanction(s):
  
- 3. Date Initiated/Explanation: 08/26/2000
  
- 4. Docket/Case#: HPD# 00-174
  
- 5. Employing firm:
  
- 6. Principal product type: Other  
    Other product type(s):
  
- 7. Allegation(s): \*\*08/26/2000\*\* STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING A. WITHOUT ADMITTING OR DENYING GUILT, MARTIN SCOTT SANDS CONSENTS TO A FINDING BY THE HEARING PANEL THAT HE VIOLATED EXCHANGE RULE 342 BY FAILING TO REASONABLY DISCHARGE HIS DUTIES AND OBLIGATIONS IN CONNECTION WITH HIS SUPERVISORY RESPONSIBILITIES AS THE FIRM'S PRESIDENT AND CO-CHAIRMAN OF THE BOARD. B. MARTIN SCOTT SANDS CONSENTS TO THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF A CENSURE, A FINE OF \$50,000, AND A SUSPENSION FOR A PERIOD OF THREE MONTHS FROM ALL SUPERVISORY POSITIONS AND

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Regulatory Action **DRP**

DRP Version 10/2005

RESPONSIBILITIES, INCLUDING, BUT NOT LIMITED TO, PARTICIPATING IN BUSINESS DECISIONS AT THE FIRM, ATTENDING AND/OR PARTICIPATING AT MEETINGS OF THE FIRM'S BOARD OF DIRECTORS.

8. Current status: Final

9. Appealed to:

10. Resolution: Decision

11. Final order:

12. Resolution date/Explanation: 11/17/2000

13. A. Resolution detail: Monetary/Fine Sanction (Amount: \$50,000.00), Suspension Sanction, Censure Sanction,

B. Other sanction(s) ordered:

C. Sanction detail:

**\*\*10/05/2000\*\*** HEARING PANEL DECISION ISSUED (HPD 00-174, DATED OCTOBER 5, 2000) VIOLATED EXCHANGE RULE 342 BY FAILING TO REASONABLY DISCHARGE HIS DUTIES OF SUPERVISION AS PRESIDENT AND CO-CHAIRMAN OF THE BOARD OF DIRECTORS OF SANDS BROTHERS AND CO., LTD.. THE HEARING PANEL IMPOSED THE STIPULATED SANCTION OF A CENSURE, A \$50,000 FINE, AND A THREE MONTH SUSPENSION FROM ALL SUPERVISORY POSITIONS AND RESPONSIBILITIES, INCLUDING, BUT NOT LIMITED TO, PARTICIPATING IN BUSINESS DECISIONS AT SANDS BROTHERS & CO., LTD., AND ATTENDING AND/OR PARTICIPATING AT MEETINGS OF THE FIRM'S BOARD OF DIRECTORS.

14. Comment: **\*\*11/17/2000\*\*** THE DECISION IS NOW FINAL AND IS EFFECTIVE IMMEDIATELY.  
 CONTACT: PEGGEY GERMINO (212) 656-8450.

<b>Occurrence#</b>	██████████	<b>Disclosure Type</b>	Customer Complaint
<b>FINRA Public Disclosable</b>	Yes	<b>Reportable</b>	Yes
<b>Material Difference in Disclosure</b>	No		

<b>Filing ID</b>	██████████	<b>Form (Form Version)</b>	U4 (10/2005)
<b>Filing Date</b>	01/24/2007		

**Source** ██████████ SANDS BROTHERS & CO., LTD.  
**Disclosure Questions Answered** 14I(2),14I(3)(a)

Customer Complaint **DRP**

DRP Version 10/2005

1. Customer name(s): ALFRED WILLIAMS

2. Customer(s) state of residence: Illinois

Other state(s) of residence/Detail:

3. Employing firm: SANDS BROTHERS & CO., LTD.

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.



Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

4. Allegation(s): [CUSTOMER] CONTACTED THE FIRM WHEN HE RECEIVED THE CONFIRMATION FOR THE 5000 SHARE SALE OF CONSECO WHICH WAS SOLD ON A DISCRETIONARY BASIS. HE CLAIMED THAT HE GAVE SPECIFIC INSTRUCTIONS NOT TO SELL THOSE SHARES. ALSO, 57 JANUARY 35 CONSECO CALLS WERE PURCHASED, FOR WHICH HE ENTERED AN ORDER TO SELL 27 AND WAS NOT EXECUTED.

5. Principal product type: Equity Listed (Common & Preferred Stock)

Other product types: OPTIONS

6. Alleged compensatory damages: \$25,193.75

7. Date complaint received/Explanation: 12/11/1998

8. Currently pending: No

9. Status: Settled

10. Status date/Explanation: 12/17/1998

11. Settlement amount: \$25,193.75

12. Individual contribution amount: \$0.00

13. Arbitration/Reparation claim filed with, Docket/Case#:

14. Date notice served/ Explanation:

15. Arbitration/Reparation pending:

16. Disposition:

17. Disposition date/Explanation:

18. Compensation amount:

19. Individual contribution amount:

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment: [CUSTOMERS'] ACCOUNT WAS A DISCRETIONARY ONE. WHEN THE DECISION TO SELL CONSECO FOR ALL DISCRETIONARY ACCOUNTS WAS MADE, [CUSTOMER] WAS ALSO INCLUDED IN

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

ERROR. UPON [CUSTOMER] CALL, WE CORRECTED THE ERROR AND MADE THE ADJUSTMENTS ACCORDINGLY INCLUDING THE CORRECTION TO THE OPTION PURCHASE. WHILE I PRIDE MYSELF IN ACCURATELY REFLECTING CUSTOMER ISSUES, ERRORS DO OCCUR. [CUSTOMER] WAS SATISFIED WITH OUR DECISION.

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		
Filing ID	██████████	Form (Form Version)	U4 (05/2009)
Filing Date	11/01/2010		
Source	██████████ - LANE CAPITAL MARKETS LLC		
Disclosure Questions Answered	14I(1)(a),14I(1)(c)		

Customer Complaint DRP

DRP Version 05/2009

1. Customer name(s): PETER D. SAHAGEN, SAHAGEN CONSULTING GROUP, LLC AND SAHAGEN EQUITIES CORPORATION
2. Residence information:
  - A. Customer(s) state of residence: California
  - B. Other state(s) of residence/ detail:
3. Employing firm: SANDS BROTHERS & CO., LTD.
4. Allegation(s): CLIENT ALLEGES THAT HIS REGISTERED REPRESENTATIVE FAILED TO FOLLOW HIS INSTRUCTIONS AND MADE UNSUITABLE RECOMMENDATIONS.
5. Product type(s): Equity-OTC
6. Alleged compensatory damage amount: \$35,000,000.00  
Explanation:
7. Customer complaints:
  - A. Oral complaint:
  - B. Written complaint:
  - C. Arbitration/CFTC reparation or civil litigation:
    - i. Arbitration/Reparation forum court name/location:
    - ii. Docket/Case#:
    - iii. Arbitration or civil litigation filing date:
  - D. Date received by/Served on 01/18/2002

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP      DRP Version 05/2009

firm/Explanation: STRAIGHT TO ARBITRATION

- 8. Complaint, arbitration/CFTC reparation, civil litigation pending: No
- 9. Complaint, arbitration/CFTC reparation or civil status: Settled

10. Status date/Explanation: 01/18/2002  
STRAIGHT TO ARBITRATION

- 11. Settlement/Award/Monetary judgment:
  - A. Award amount: \$575,000.00
  - B. Contribution amount: \$0.00

12. Arbitration/CFTC reparation information:

- A. Arbitration/CFTC reparation claim filed with: NYSE
- B. Docket/Case#: ██████████
- C. Date notice/Process was served/Explanation: 01/18/2002

13. Pending arbitration/ CFTC reparation: No

14. Disposition: Withdrawn

15. Disposition date/Explanation: 12/08/2004

16. Monetary compensation details:

- A. Total compensation amount: \$575,000.00
- B. Contribution amount: \$0.00

17. Court in which case was filed:

- A. Name of court:
- B. Location of court:
- C. Docket/Case#:

~~18. Date notice/process was served/Explanation:~~

19. Pending civil litigation:

20. Civil litigation status:

~~21. Disposition date/Explanation:~~

22. Monetary compensation details:

- A. Total compensation amount:
- B. Contribution amount:

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP DRP Version 05/2009

23. If action is currently on appeal:

- A. Appeal date/Explanation:
- B. Court appeal filed with:
  - i. Name of court:
  - ii. Location of court:
  - iii. Docket/Case#:

24. Comment:

I CATEGORICALLY DENY THESE ALLEGATIONS. [CUSTOMER] IS A SOPHISTICATED INVESTOR WITH UNDERSTANDING OF THE SECURITIES MARKETS AND THE RISKS THEREOF. THIS MATTER WILL BE VIGOROUSLY DEFENDED.

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		
Filing ID	██████████	Form (Form Version)	U4 (10/2005)
Filing Date	05/03/2007		
Source	██████████ - LAIDLAW & COMPANY (UK) LTD.		
Disclosure Questions Answered	141(1)(a)		

Customer Complaint DRP DRP Version 10/2005

- 1. Customer name(s): WILLIAM B. RIVKIN
- 2. Customer(s) state of residence: Illinois  
Other state(s) of residence/Detail:
- 3. Employing firm: SANDS BROTHERS & CO., LTD.
- 4. Allegation(s): CLAIMANT ALLEDGE THAT HE WAS UNSUITABLE FOR THE DISCRETIONARY ACTIVITY EXERCISED IN HIS ACCOUNT WHICH WAS CONTRARY TO HIS STATED INVESTMENT OBJECTIVES AND RISK TOLERANCES.
- 5. Principal product type: Equity - OTC  
Other product types: EQUITY LISTED (COMMON & PREFERRED) DIRECT INVESTMENTS
- 6. Alleged compensatory damages: \$2,000,000.00
- 7. Date complaint received/Explanation: 04/11/2002
- 8. Currently pending: No
- 9. Status: Arbitration/Reparation
- 10. Status date/Explanation: 06/24/2002

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

ARBITRATION RECEIVED DURING DISCUSSIONS

- 11. Settlement amount:
- 12. Individual contribution amount:
- 13. Arbitration/Reparation claim filed with, Docket/Case#: NASD-DR CASE NUMBER ██████████
- 14. Date notice served/ Explanation: 06/24/2002
- 15. Arbitration/Reparation pending: Yes
- 16. Disposition:
- 17. Disposition date/Explanation:
- 18. Compensation amount:
- 19. Individual contribution amount:

- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:

- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:

28. Comment:

[CUSTOMER] IS A SOPHISTICATED INVESTOR WHO HAD A TWELVE-YEAR RELATIONSHIP WITH MY FIRM, AND WAS SERVICED BY MYSELF AS WELL AS ROBERT BONAVENTURA, SCOTT FRANKLIN, AND JEFF TABMAN. HE WAS PLEASE WITH HIS RELATIONSHIP UNTIL HE LOST MONEY IN A DOWN MARKET. THIS CLAIM IS WITHOUT MERIT AND WILL BE VIGOROUSLY DEFENDED.

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes

Material Difference in Disclosure No

Filing ID	██████████	Form (Form Version)	U4 (10/2005)
Filing Date	05/03/2007		
Source	119037 - LAIDLAW & COMPANY (UK) LTD.		

Disclosure Questions Answered 14(1)(a)

Customer Complaint DRP

DRP Version 10/2005

- 1. Customer name(s): LINDA WOLFSON, AS EXECUTRIX OF THE ESTATE OF ALAN WOLFSON

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP DRP Version 10/2005

2. Customer(s) state of residence: New York

Other state(s) of residence/Detail:

3. Employing firm: SANDS BROTHERS & CO., LTD.

4. Allegation(s): CLAIMANT ASSERTS SECURITIES FRAUD, COMMON LAW FRAUD, CHURNING, FRAUDULENT MISREPRESENTATION AND OMISSION, UNSUITABILITY, UNJUST ENRICHMENT, BREACH OF FIDUCIARY DUTY, VIOLATION OF THE INVESTMENT OBJECTIVES AND VIOLATION OF NASD/NYSE RULES IN THE HANDLING OF THE ACCOUNT.

5. Principal product type: Equity - OTC

Other product types: DIRECT INVESTMENTS

6. Alleged compensatory damages: \$650,000.00

7. Date complaint received/Explanation: 03/25/2003 RECEIVED AS AN ARBITRATION.

8. Currently pending: No

9. Status: Arbitration/Reparation

10. Status date/Explanation: 03/25/2003 RECEIVED AS ARBITRATION

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#: NYSE CASE NO. ██████████

14. Date notice served/ Explanation: 03/25/2003

15. Arbitration/Reparation pending: No

16. Disposition: Settled

17. Disposition date/Explanation: 02/17/2004

18. Compensation amount: \$150,000.00

19. Individual contribution amount: \$0.00

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

27. Appeal date/Explanation:

28. Comment:

I DEALT WITH [CUSTOMER]'S HUSBAND EARLY IN HIS RELATIONSHIP WITH MY FIRM. HE WAS A RISK-ORIENTED INVESTOR WHO UNDERSTOOD THE INVESTMENTS IN HIS PORTFOLIO. WHEN HE DIED TRAGICALLY HIS WIFE COMPLAINED ABOUT THE PORTFOLIO HE HAD LEFT BEHIND. PRIOR TO THIS, I HAD NEVER HAD A BUSINESS CONVERSATION WITH [CUSTOMER]. I AM VERY SYMPATHETIC TO THE SITUATION [CUSTOMER] IS IN. HOWEVER, NEITHER I NOR MY BROKERAGE FIRM DID ANYTHING WRONG IN HANDLING [SPOUSE]'S INVESTMENTS. A PRIVATE SETTLEMENT AGREEMENT WAS REACHED.

Filing ID ██████████

Form (Form Version)

U6 (06/2003)

Filing Date

08/09/2004

Source

New York Stock Exchange

Disclosure Questions Answered

SRO Arbitration/Reparation DRP

DRP Version 10/2005

1. Case name:

LINDA WOLFSON, AS EXECUTRIX OF THE ESTATE OF ALAN WOLFSON V. SANDS BROTHERS & CO.,LTD., STEVEN B. SANDS AND MARTIN S. SANDS

2. Arbitration/Reparation filed with:

NYSE

3. Date case initiated:

03/06/2003

4. Case number:

██████████

5. Employing firm:

SANDS BROTHERS & CO

6. Allegation(s):

CUSTOMER CLAIMANT CONTENDS THAT THE RESPONDENT CHURNED HIS ACCOUNT, INVESTED IN UNSUITABLE SPECULATIVE STOCK, USED INAPPROPRIATE LEVELS OF MARGIN AND INVESTED HIS ACCOUNT IN A FRAUDULENT COMPANY AFFILIATED WITH THE RESPONDENTS.

7. Principal product type:

Other

Other product types:

8. Alleged compensatory damages:

\$650,000.00

9. Currently pending resolution:

No

Resolution:

Withdrawn

Date resolved:

02/17/2004

10. Disposition details:

THE PARTIES HAVE REACHED A PRIVATE SETTLEMENT AGREEMENT AND ALL CLAIMANT'S CLAIMS WERE WITHDRAWN WITH PREJUDICE. A COPY OF SUCH SETTLEMENT AGREEMENT IS APPENDED HERETO AND IS MADE A PART OF THIS AWARD. THE ARBITRATION PANEL WAS

Individual ██████ - SANDS, MARTIN SCOTT

Reportable Events

SRO Arbitration/Reparation DRP

DRP Version 10/2005

ASKED TO CONSIDER RESPONDENTS MARIN SANDS AND STEVEN SANDS REQUESTS FOR RELIEF OF EXPUNGEMENT OF THEIR CRD RECORDS. A HEARING ON THE RECORD WAS HELD FEBRUARY 10, 2004 WHERE RESPONDENTS APPEARED UNDER OATH AND GAVE TESTIMONY LIMITED TO THE NARROW ISSUE OF THEIR REQUESTS FOR EXPUNGEMENT. THE PANEL UNANIMOUSLY DECIDED TO DENY RESPONDENTS&#█████; REQUESTS FOR EXPUNGEMENTS. FORUM FEES TO BE ASSESSED EQUALLY AMONGST THE PARTIES.

Occurrence#	█████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID ██████ Form (Form Version) U4 (05/2009)

Filing Date 09/01/2009

Source ██████ - LANE CAPITAL MARKETS LLC

Disclosure Questions Answered 14I(1)(c)

Customer Complaint DRP

DRP Version 05/2009

1. Customer name(s): JOSEPH A. FIORE AND NEW BEGINNING FAMILY LIMITED PARTNERSHIP

2. Residence information:

A. Customer(s) state of residence: Ohio

B. Other state(s) of residence/ detail: NEW BEGINING FAMILY LP - FLORIDA

3. Employing firm: SANDS BROTHERS AND CO., LTD.

4. Allegation(s): CLAIMANTS ALLEGED COMMON LAW FRAUD, BREACH OF FIDUCIARY DUTY, NEGLIGENCE, BREACH OF CONTRACT, BREACH OF COVENANT OF GOOD FAITH, AND VIOLATION OF THE RULES OF THE NASD AND NEW YORK STOCK EXCHANGE.

5. Product type(s): Direct Investment-DPP & LP Interest

6. Alleged compensatory damage amount: \$1,000,000.00

Explanation: CLAIM WAS FOR OVER \$1,000,000.00 BUT LESS THAN \$5,000,000.00

7. Customer complaints:

A. Oral complaint:

B. Written complaint:

C. Arbitration/CFTC reparation or civil litigation:

i. Arbitration/Reparation forum

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.



Individual ██████ - SANDS, MARTIN SCOTT

**Reportable Events**

Customer Complaint DRP      **DRP Version** 05/2009

court name/location:

- ii. Docket/Case#:
- iii. Arbitration or civil litigation filing date:

D. Date received by/Served on      02/03/2003  
firm/Explanation:

8. Complaint, arbitration/CFTC      No  
reparation, civil litigation pending:

9. Complaint, arbitration/CFTC reparation      Settled  
or civil status:

10. Status date/Explanation:      04/27/2005

11. Settlement/Award/Monetary judgment: \_\_\_\_\_

A. Award amount:      \$230,000.00

B. Contribution amount:      \$0.00

12. Arbitration/CFTC reparation information:

A. Arbitration/CFTC reparation claim      NYSE  
filed with:

B. Docket/Case#:      ██████

C. Date notice/Process was      02/03/2003  
served/Explanation:

13. Pending arbitration/ CFTC reparation:      No

14. Disposition:      Settled

15. Disposition date/Explanation:      04/27/2005

16. Monetary compensation details:

A. Total compensation amount:      \$230,000.00

B. Contribution amount:      \$0.00

17. Court in which case was filed: \_\_\_\_\_

A. Name of court:

B. Location of court:

C. Docket/Case#:

18. Date notice/process was      \_\_\_\_\_  
served/Explanation:

19. Pending civil litigation:

20. Civil litigation status:

21. Disposition date/Explanation: \_\_\_\_\_

**CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.**

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP DRP Version 05/2009

22. Monetary compensation details:

- A. Total compensation amount:
- B. Contribution amount:

23. If action is currently on appeal:

- A. Appeal date/Explanation:
- B. Court appeal filed with:
  - i. Name of court:
  - ii. Location of court:
  - iii. Docket/Case#:

24. Comment:

THE [CUSTOMERS], SOPHISTICATED INVESTORS, CHOSE TO SPECULATE AGGRESSIVELY IN THE STOCK MARKET. I AND A GROUP OF OTHER RRS WERE COLLECTIVELY THE BROKERS OF RECORD. THESE ACCOUNTS WERE HANDLED PROPERLY AND IN ACCORDANCE WITH THE [CUSTOMERS]' INSTRUCTIONS. THIS ACTION WILL BE VIGOROUSLY DEFENDED.

Occurrence#	Disclosure Type	Regulatory Action
FINRA Public Disclosable	Yes	Yes
Material Difference in Disclosure	No	
Filing ID	Form (Form Version)	U4 (06/2003)
Filing Date	03/08/2004	
Source	██████████ SANDS BROTHERS & CO., LTD.	
Disclosure Questions Answered	14E(4), 14E(2)	

Regulatory Action DRP DRP Version 10/2005

- 1. Regulatory action initiated by: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT.
- 2. Principal sanction: Censure
- Other sanction(s): CENSURE, FINE OF \$50,000, BAR OF FOUR MONTHS FROM ASSOCIATION WITH AN NYSE MEMBER.

3. Date Initiated/Explanation: 10/14/2003

4. Docket/Case#: ██████████

5. Employing firm: SANDS BROTHERS & CO., LTD.

6. Principal product type: No Product

Other product type(s):

7. Allegation(s): 10/14/2003\*\* STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT PENDING. CONSENTED TO FINDINGS: WITHOUT ADMITTING OR DENYING GUILT, SANDS

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Regulatory Action DRP

DRP Version 10/2005

CONSENTS TO FINDINGS BY THE HEARING PANEL THE HE: ENGAGED IN CONDUCT INCONSISTENT WITH JUST AND EQUITABLE PRINCIPLES OF TRADE IN THAT HE PUCHASED OPTIONS IN A PARTICULAR STOCK FOR AN ACCOUNT OF A TRUST FOR THE BENEFIT OF FAMILY MEMBERS PRIOR TO THE COMPLETION OF AN ORDER BY A CUSTOMER TO PURCHASE ONE MILLION SHARES OF SUCH STOCK, WHEN HE KNEW OR WAS RECKLESS IN NOT KNOWING THAT A SIGNIFICANT PORTION OF THE CUSTOMER'S ORDER HAD NOT BEEN COMPLETED. STIPULATION SANCTION: WITHOUT ADMITTING OR DENYING GUILT, SANDS CONSENTS TO THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF A CENSURE AND A BAR FOR A PERIOD OF FOUR MONTHS FROM MEMEBERSHIP, ALLIED MEMBERSHIP, APPROVED PERSON STATUS AND EMPLOYMENT OR ASSOCAITION IN ANY CAPACITY WITH ANY MEMBER OR MEMBER ORGANIZATION, AND A FINE OF \$50,000.00.

8. Current status: Final

9. Appealed to:

10. Resolution: Stipulation and Consent

11. Resolution date/Explanation: 02/06/2004

12. A. Resolution detail: Monetary/Fine Sanction (Amount: \$50,000.00), Bar Sanction, Censure Sanction

B. Other sanction(s) ordered:

C. Sanction detail: WHILE THE SANCTIONS IMPOSED BY THE HEARING PANEL PROVIDE FOR A "BAR" FOR A PERIOD OF FOUR MONTHS, THE ENFORCEMENT STAFF HAS ADVISED MR. SANDS THAT THE "BAR" IS THE FUNCTIONAL EQUIVALENT OF A SUSPENSION, AS IT IS OF LIMITED DURATION. HOWEVER, BECAUSE MR. SANDS' BROKER-DEALER HAD WITHDRAWN ITS NEW YORK STOCK EXCHANGE MEMBERSHIP IN APRIL 2003, AS A PRACTICAL MATTER, THE TERM "SUSPENSION" COULD NOT BE USED BECAUSE WHEN HE RESUMES HIS ACTIVITIES AT THE END OF THE FOUR-MONTH TERM, IT WILL BE WITH A FIRM THAT IS NO LONGER A MEMBER OF THE NEW YORK STOCK EXCHANGE. ACCORDINGLY, THE TERM "BAR" WAS USED TO DESCRIBE THE PENALTY.

13. Comment: AS NOTED IN THE HEARING PANEL'S DECISION, WHEN THE SUBJECT TRADE WAS NOTICED BY THE FIRM'S COMPLIANCE DEPARTMENT, IT WAS IMMEDIATELY REVERSED AND AT MY DIRECTION THE SITUATION WAS REPORTED PROMPTLY TO THE NEW YORK STOCK EXCHANGE. THERE WAS NEVER ANY EFFORT ON THE PART OF ANYONE CONNECTED WITH THE FIRM TO CONCEAL THE TRANSACTION.

Filing ID



Form (Form Version)

U6 (06/2003)

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Filing Date                      02/20/2004  
Source                              New York Stock Exchange  
Disclosure Questions Answered

Regulatory Action DRP

DRP Version    10/2005

1. Regulatory action initiated by: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT
2. Principal sanction:  
Other sanction(s):
3. Date Initiated/Explanation: 10/14/2003
4. Docket/Case#: HPD#: 03-222
5. Employing firm:
6. Principal product type: Other

Other product type(s):

7. Allegation(s):                      **\*\*10/14/03\*\*STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING. CONSENTED TO FINDINGS: WITHOUT ADMITTING OR DENYING GUILT, SANDS CONSENTS TO FINDINGS BY THE HEARING PANEL THAT HE ENGAGED IN CONDUCT INCONSISTENT WITH JUST AND EQUITABLE PRINCIPLES OF TRADE IN THAT HE PURCHASED OPTIONS IN A PARTICULAR STOCK FOR AN ACCOUNT FOR THE BENEFIT OF MEMBERS OF HIS FAMILY PRIOR TO THE COMPLETION OF AN ORDER BY A CUSTOMER TO PURCHASE ONE MILLION SHARES OF SUCH STOCK, WHEN HE KNEW OR WAS RECKLESS IN NOT KNOWING THAT A SIGNIFICANT PORTION OF THE CUSTOMERS ORDER HAD NOT BEEN COMPLETED. STIPULATED SANCTION: WITHOUT ADMITTING OR DENYING GUILT, SANDS CONSENTS TO THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF A CENSURE AND A BAR FOR A PERIOD OF FOUR MONTHS FROM MEMBERSHIP, ALLIED MEMBERSHIP, APPROVED PERSON STATUS AND FROM EMPLOYMENT OR ASSOCIATION IN ANY CAPACITY WITH ANY MEMBER OR MEMBER ORGANIZATION, AND A FINE OF \$50,000.**

8. Current status: Final

9. Appealed to:

10. Resolution: Decision

11. Final order:

12. Resolution date/Explanation: 02/06/2004

13. A. Resolution detail: Monetary/Fine Sanction (Amount: \$50,000.00), Bar Sanction, Censure Sanction

B. Other sanction(s) ordered:

C. Sanction detail:                      **\*\*12/18/03\*\*EXCHANGE HEARING PANEL DECISION 03-222**

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual [REDACTED] SANDS, MARTIN SCOTT

Reportable Events

14. Comment:

DECISION: PURCHASED OPTIONS IN A PARTICULAR STOCK FOR AN ACCOUNT FOR THE BENEFIT OF MEMBERS OF HIS FAMILY PRIOR TO THE COMPLETION OF AN ORDER BY A CUSTOMER TO PURCHASE ONE MILLION SHARES OF SUCH STOCK, WHEN HE KNEW OR WAS RECKLESS IN NOT KNOWING THAT A SIGNIFICANT PORTION OF THE CUSTOMER'S ORDER HAD NOT BEEN COMPLETED. CONSENT TO CENSURE, FOUR MONTH BAR AND \$50,000 FINE.  
 \*\*02/06/2004\*\* THE DECISION IS NOW FINAL. THE SUSPENSION WILL COMMENCE AT THE CLOSE OF BUSINESS ON FEBRUARY 24, 2004. CONTACT: MICHELE VAN TASSEL 212-656-5340.

Occurrence#	[REDACTED]	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	[REDACTED]	Form (Form Version)	U4 (10/2005)
Filing Date	01/18/2007		

Source [REDACTED] LAIDLAW & COMPANY (UK) LTD.

Disclosure Questions Answered 14I(1)(a)

Customer Complaint DRP      DRP Version 10/2005

1. Customer name(s): MOHAMMAD AL NASSAR
2. Customer(s) state of residence: Not on List  
 Other state(s) of residence/Detail: SAUDI, ARABIA
3. Employing firm: SANDS BROTHERS & CO., LTD. AND SANDS BROTHERS ASSET MANAGEMENT, LLC
4. Allegation(s): CLAIMANT ALLEGED FAILURE TO SUPERVISE REGISTERED REPRESENTATIVES.
5. Principal product type: Equity - OTC  
 Other product types: DIRECT INVESTMENT-SB VENTURE CAPITAL
6. Alleged compensatory damages: \$700,000.00
7. Date complaint received/Explanation: 02/05/2002
8. Currently pending: No
9. Status: Arbitration/Reparation
10. Status date/Explanation: 06/30/2003
11. Settlement amount:
12. Individual contribution amount:
13. Arbitration/Reparation claim filed with, Docket/Case#: NASD DR NO. [REDACTED]
14. Date notice served/ Explanation: 08/07/2003
15. Arbitration/Reparation pending: No

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP DRP Version 10/2005

- 16. Disposition: Dismissed
- 17. Disposition date/Explanation: 09/26/2006
- 18. Compensation amount: \$0.00
- 19. Individual contribution amount: \$0.00

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment: STIPULATED AWARD ISSUED: THE PARTIES HAVE AMICABLY RESOLVED THEIR DIFFERENCES AND HAVE REQUESTED THIS STIPULATED AWARD.

Filing ID ██████████  
 Filing Date 11/01/2006  
 Source FINRA  
 Disclosure Questions Answered

Form (Form Version) U6 (06/2003)

SRO Arbitration/Reparation DRP DRP Version 10/2005

- 1. Case name: MOHAMMED AINASSER V. SANDS BROTHERS & CO., LTD. AND MARTIN SCOTT SANDS, ET AL
- 2. Arbitration/Reparation filed with: NASD
- 3. Date case initiated: 06/30/2003
- 4. Case number: ██████████
- 5. Employing firm: SANDS BROTHERS & CO., LTD., SANDS BROTHERS ASSET MANAGEMENT, LLC
- 6. Allegation(s): FAILURE TO SUPERVISE
- 7. Principal product type: Other
- Other product types: UNSPECIFIED TYPE OF SECURITIES
- 8. Alleged compensatory damages: \$700,000.00
- 9. Currently pending resolution: No
- Resolution: Other

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

SRO Arbitration/Reparation DRP

DRP Version 10/2005

Date resolved: 09/26/2006

10. Disposition details: STIPULATED AWARD ISSUED: THE PARTIES HAVE AMICABLY RESOLVED THEIR DIFFERENCES AND HAVE REQUESTED THIS STIPULATED AWARD.

Occurrence#	1194099	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	██████████	Form (Form Version)	U4 (10/2005)
Filing Date	██████████		
Source	119037 - LAIDLAW & COMPANY (UK) LTD.		
Disclosure Questions Answered	14I(1)(a)		

Customer Complaint DRP

DRP Version 10/2005

- Customer name(s): JACK A. SUNSERI
- Customer(s) state of residence: California  
Other state(s) of residence/Detail:
- Employing firm: SANDS BROTHERS & CO., LTD.
- Allegation(s): RESPONDENTS CONSPIRED TO KNOWINLY CONCEAL FROM CLAIMANT THE TRUTH AND MATERIAL FACTS IN THE WORLDSPY RECOMMENDATION BREACHING THEIR FIDUCIARY DUTY AND IN VIOLATION OF SECTION 12 (2) OF THE '33 ACT.
- Principal product type: Direct Investment(s) - DPP & LP Interest(s)  
Other product types:
- Alleged compensatory damages: \$440,000.00
- Date complaint received/Explanation: 02/20/2000
- Currently pending: No
- Status: Denied, Arbitration/Reparation
- Status date/Explanation: 11/07/2003  
RECEIVED AS ARBITRATION
- Settlement amount:
- Individual contribution amount:
- Arbitration/Reparation claim filed with, Docket/Case#: NASD DISPUTE RESOLUTION CASE NO. 03-07303
- Date notice served/ Explanation: 11/07/2003
- Arbitration/Reparation pending: Yes
- Disposition:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP DRP Version 10/2005

- 17. Disposition date/Explanation:
- 18. Compensation amount:
- 19. Individual contribution amount:
- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:
- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment:

I NEVER SPOKE WITH [CUSTOMER] AND I HAVE NO IDEA WHY I HAVE BEEN NAMED IN THIS ACTION. HIS ALLEGATIONS AGAINST ME PERSONALLY ARE WHOLLY FRIVOLOUS. THIS MATTER WILL BE VIGOROUSLY DEFENDED.

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		
Filing ID	20689280	Form (Form Version)	U4 (10/2005)
Filing Date	05/03/2007		
Source	██████████ LAIDLAW & COMPANY (UK) LT		
Disclosure Questions Answered	14I(1)(a)		

Customer Complaint DRP DRP Version 10/2005

- 1. Customer name(s): ELLSWORTH GOLDSTEIN (DECD), NORMAN GOLDSTEIN
- 2. Customer(s) state of residence: New York  
Other state(s) of residence/Detail:
- 3. Employing firm: SANDS BROTHERS & CO. LTD.
- 4. Allegation(s): UNSUITABLE RECOMMENDATION OF PRIVATE PLACEMENT INVESTMENTS.
- 5. Principal product type: Direct Investment(s) - DPP & LP Interest(s)  
Other product types:
- 6. Alleged compensatory damages: \$540,000.00
- 7. Date complaint received/Explanation: 03/18/2004 RECEIVED AS ARBITRATION



Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint **DRP** DRP Version 10/2005

- 8. Currently pending: No
- 9. Status: Arbitration/Reparation
- 10. Status date/Explanation: 03/18/2004  
RECEIVED AS ARBITRATION
- 11. Settlement amount:
- 12. Individual contribution amount:
- 13. Arbitration/Reparation claim filed with, Docket/Case#: NASD DISPUTE RESOLUTION CASE NO. ██████████
- 14. Date notice served/ Explanation: 03/18/2004
- 15. Arbitration/Reparation pending: Yes
- 16. Disposition:

- 17. Disposition date/Explanation:
- 18. Compensation amount:
- 19. Individual contribution amount:

20. Court, Docket/Case#:

- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:
- 24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment:

[CUSTOMER], WHO DIED LAST YEAR, WAS LONGTIME INVESTOR WITH THIS FIRM. HE WAS SOPHISTICATED AND WELL SUITED TO THE INVESTMENTS IN HIS PORTFOLIO, BOTH FINANCIALLY AND WITH RESPECT TO HIS UNDERSTANDING OF RISK. THIS CLAIM IS BEING BROUGHT BY HIS SON IN AN ATTEMPT TO RECOUP INVESTMENT LOSSES, EVEN THOUGH HIS FATHER WAS AWARE OF THE STATUS OF THE PORTFOLIO AND DID NOT MAKE ANY CLAIMS DURING HIS LIFETIME. I AM SADDENED BY THE LOSS OF AN OLD FRIEND, BUT DO NOT BELIEVE THERE IS ANY MERIT TO THIS ACTION.

Occurrence#	██████████	Disclosure Type	Regulatory Action
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	██████████	Form (Form Version)	U4 (06/2003)
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Individual [REDACTED] - SANDS, MARTIN SCOTT

Reportable Events

Filing Date 06/02/2005  
Source [REDACTED] - LAIDLAW & COMPANY (UK) LTD.  
Disclosure Questions Answered 14D(1)(e)

Regulatory Action **DRP** **DRP Version** 10/2005

1. Regulatory action initiated by: ILLINOIS
2. Principal sanction: Revocation  
Other sanction(s):
3. Date Initiated/Explanation: 09/08/2004
4. Docket/Case#: [REDACTED]
5. Employing firm: SANDS BROTHERS & CO., LTD
6. Principal product type: Other  
Other product type(s):
7. Allegation(s): RESPONDENT'S SALESPERSON REGISTRATION IN THE STATE OF ILLINOIS IS SUBJECT TO REVOCATION PURSUANT TO SECTION 8. E(1)(J) OF THE ILLINOIS SECURITIES LAW.
8. Current status: Final
9. Appealed to:
10. Resolution: Consent
11. Resolution date/Explanation: 05/16/2005
12. A. Resolution detail: Monetary/Fine Sanction (Amount: \$750.00)  
B. Other sanction(s) ordered: CONSENT ORDER OF WITHDRAWAL  
C. Sanction detail: CONSENT ORDER OF WITHDRAWAL; UNDERLYING FACTS BASED UPON A NYSE DECISION; RESPONDENT WILL WITHDRAW HIS SALESPERSON REGISTRATION IN THE STATE OF ILLINOIS AND WILL PAY FOR THE COST OF INVESTIGATION.
13. Comment: NOTICE OF HEARING ISSUED, HEARING DATE SCHEDULED FOR OCTOBER 27, 2004. ANY QUESTIONS PLEASE CALL CHERYL WEISS 312-793-3324. THE FORMAL HEARING SCHEDULED ON THIS MATTER IS HEREBY DISMISSED WITHOUT FURTHER PROCEEDINGS. CONSENT ORDER OF WITHDRAWAL ISSUED.

Filing ID [REDACTED] Form (Form Version) U6 (06/2003)  
Filing Date 05/20/2005  
Source Illinois  
Disclosure Questions Answered

Regulatory Action **DRP** **DRP Version** 10/2005

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

- 1. Regulatory action initiated by: ILLINOIS
- 2. Principal sanction: Revocation  
Other sanction(s):
- 3. Date Initiated/Explanation: 09/08/2004
- 4. Docket/Case#: ██████████
- 5. Employing firm: SANDS BROTHERES & CO., LTD.
- 6. Principal product type: Other  
Other product type(s):
- 7. Allegation(s): RESPONDENT'S SALESPERSON REGISTRATION IN THE STATE OF ILLINOIS IS SUBJECT TO REVOCATION PURSUANT TO SECTION 8. E(1)(J) OF THE ILLINOIS SECURITIES LAW.
- 8. Current status: Final

- 9. Appealed to:
- 10. Resolution: Consent
- 11. Final order: No
- 12. Resolution date/Explanation: 05/16/2005

13. A. Resolution detail: Monetary/Fine Sanction (Amount: \$750.00)

B. Other sanction(s) ordered: CONSENT ORDER OF WITHDRAWAL

C. Sanction detail: CONSENT ORDER OF WITHDRAWAL; UNDERLYING FACTS BASED UPON A NYSE DECISION; RESPONDENT WILL WITHDRAW HIS SALESPERSON REGISTRATION IN THE STATE OF ILLINOIS AND WILL PAY FOR THE COST OF INVESTIGATION.

14. Comment: NOTICE OF HEARING ISSUED, HEARING DATE SCHEDULED FOR OCTOBER 27, 2004. ANY QUESTIONS PLEASE CALL CHERYL WEISS ██████████. THE FORMAL HEARING SCHEDULED ON THIS MATTER IS HEREBY DISMISSED WITHOUT FURTHER PROCEEDINGS. CONSENT ORDER OF WITHDRAWAL ISSUED.

Occurrence#	██████████	Disclosure Type	Regulatory Action
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	██████████	Form (Form Version)	U4 (10/2005)
Filing Date	██████████		
Source	██████████ - LAIDLAW & COMPANY (UK) LTD.		

Disclosure Questions Answered 14D(1)(d)

Regulatory Action DRP      DRP Version 10/2005

- 1. Regulatory action initiated by: CONNECTICUT

Individual [REDACTED] SANDS, MARTIN SCOTT

Reportable Events

Regulatory Action **DRP**

DRP Version 10/2005

2. Principal sanction: Other  
Other sanction(s): CONSENT ORDER CONDITIONING REGISTRATION AS AN INVESTMENT ADVISER AGENT AND RESTRICTING SECURITIES RELATED ACTIVITIES ENTERED 11/29/2004
3. Date Initiated/Explanation: 11/29/2004
4. Docket/Case#: [REDACTED]
5. Employing firm: SANDS BROTHERS ASSET MANAGEMENT LLC
6. Principal product type: No Product  
Other product type(s):
7. Allegation(s): ON NOVEMBER 29, 2004, THE CONNECTICUT BANKING COMMISSIONER ENTERED A CONSENT ORDER (NO. CO-047093-S) CONDITIONING THE INVESTMENT ADVISER AGENT REGISTRATION OF MARTIN SCOTT SANDS HAD APPLIED FOR CONNECTICUT REGISTRATION AS AN INVESTMENT ADVISER AGENT OF SANDS BROTHERS ASSET MANAGEMENT LLC, AN SEC-REGISTERED INVESTMENT ADVISER. THE CONSENT ORDER WAS BASED ON ALLEGATIONS THAT SANDS HAD BEEN SUBJECT TO A DECEMBER 18, 2003 AND AN OCTOBER 2000 SUSPENSION BY THE NEW YORK STOCK EXCHANGE.
8. Current status: Final
9. Appealed to:
10. Resolution: Consent
11. Resolution date/Explanation: 11/29/2004
12. A. Resolution detail:
- B. Other sanction(s) ordered: THE CONSENT ORDER REQUIRED THAT DURING SANDS' ASSOCIATION WITH SANDS BROTHERS ASSET MANAGEMENT LLC, 1)SANDS WOULD REFRAIN, FOR 72 HOURS FOLLOWING ANY SECURITIES RECOMMENDATION HE MADE TO A CUSTOMER OR CLIENT OR FOLLOWING ANY PURCHASE OR SALE EFFECTED ON BEHALF OF A CUSTOMER OR CLIENT BY SANDS, FROM BUYING OR SELLING ANY SECURITY BEING RECOMMENDED PURCHASED OR SOLD TO THE CLIENT BY OR THROUGH SANDS' EFFORTS; 2) SANDS WOULD NOT DIRECTLY OR THROUGH INTERMEDIARY ACCOUNTS, BUY OR SELL ANY SECURITY FOR 72 HOURS AFTER SANDS RECEIVED ORAL OR WRITTEN NOTICE THAT ANY OF THE FIRMS WOULD BE MODIFYING ANY RECOMMENDATION CONCERNING THE ADVISABILITY OF INVESTING IN, PURCHASING OR SELLING SUCH SECURITY; 3) SANDS WOULD BE SUBJECT TO THE DIRECT SUPERVISION OF A PRINCIPAL OR OTHER EMPLOYEE OF HIGHER GRADE ; AND 4) THE CHIEF COMPLIANCE OFFICER OF EACH FIRM WOULD APPROVE ANY TRADING IN SANDS' PERSONAL ACCOUNTS AND THOSE OF HIS IMMEDIATE FAMILY. SANDS BROTHERS ASSET

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Regulatory Action DRP

DRP Version    10/2005

MANAGEMENT LLC, SANDS BROTHERS & CO., LTD AND SANDS BROTHERS INTERNATIONAL LTD. CONCURRED WITH THESE RESTRICTIONS ON SANDS' ACTIVITIES BY SIGNING THE CONSENT ORDER. THE CONSENT ORDER ALSO REQUIRED THAT, FOR TWO YEARS, QUARTERLY REPORTS CONCERNING ANY SECURITIES-RELATED COMPLAINTS, ACTIONS OR PROCEEDINGS INVOLVING SANDS ON ADMINISTRATIVE PROBATION FOR TWO YEARS.

C. Sanction detail:

PLEASE SEE RESPONSE TO ITEM 12.B.

13. Comment:

MARTIN SCOTT SANDS BECAME REGISTERED AS AN INVESTMENT ADVISER OF SANDS BROTHERS ASSET MANAGEMENT LLC IN CONNECTICUT ON NOVEMBER 29, 2004.

Filing ID                    ██████████

Form (Form Version)

U6 (06/2003)

Filing Date                11/29/2004

Source                      Connecticut

Disclosure Questions Answered

Regulatory Action DRP

DRP Version    10/2005

1. Regulatory action initiated by:    CONNECTICUT

2. Principal sanction:                    Other

Other sanction(s):                      CONSENT ORDER CONDITIONING REGISTRATION AS AN INVESTMENT ADVISER AGENT AND RESTRICTING SECURITIES-RELATED ACTIVITIES ENTERED 11/29/2004.

3. Date Initiated/Explanation:        11/29/2004

4. Docket/Case#:                        ██████████

5. Employing firm:

6. Principal product type:                No Product

Other product type(s):

7. Allegation(s):                        ON NOVEMBER 29, 2004, THE CONNECTICUT BANKING COMMISSIONER ENTERED A CONSENT ORDER (NO.CO-04-7093-S) CONDITIONING THE INVESTMENT ADVISER AGENT REGISTRATION OF MARTIN SCOTT SANDS AND RESTRICTING MARTIN SANDS' SECURITIES-RELATED ACTIVITIES. SANDS HAD APPLIED FOR CONNECTICUT REGISTRATION AS AN INVESTMENT ADVISER AGENT OF SANDS BROTHERS ASSET MANAGEMENT LLC, AN SEC-REGISTERED INVESTMENT ADVISER. THE CONSENT ORDER WAS BASED ON ALLEGATIONS THAT SANDS HAD BEEN SUBJECT TO A DECEMBER 18, 2003 BAR AND AN OCTOBER 2000 SUSPENSION BY THE NEW YORK STOCK EXCHANGE.

8. Current status:                        Final

9. Appealed to:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Regulatory Action **DRP**      **DRP Version** 10/2005

- 10. Resolution: Consent
- 11. Final order: No
- 12. Resolution date/Explanation: 11/29/2004

13. A. Resolution detail:

B. Other sanction(s) ordered:

THE CONSENT ORDER REQUIRED THAT DURING SANDS' ASSOCIATION WITH SANDS BROTHERS ASSET MANAGEMENT LLC, SANDS BROTHERS & CO., LTD. AND/OR SANDS BROTHERS INTERNATIONAL LTD.,

1) SANDS WOULD REFRAIN, FOR 72 HOURS FOLLOWING ANY SECURITIES RECOMMENDATION HE MADE TO A CUSTOMER OR CLIENT OR FOLLOWING ANY PURCHASE OR SALE EFFECTED ON BEHALF OF A CUSTOMER OR CLIENT BY SANDS, FROM BUYING OR SELLING ANY SECURITY BEING RECOMMENDED, PURCHASED OR SOLD TO THE CLIENT BY OR THROUGH SANDS' EFFORTS; 2) SANDS WOULD NOT, DIRECTLY OR THROUGH INTERMEDIARY ACCOUNTS, BUY OR SELL ANY SECURITY FOR 72 HOURS AFTER SANDS RECEIVED ORAL OR WRITTEN NOTICE THAT ANY OF THE FIRMS WOULD BE MODIFYING ANY RECOMMENDATION CONCERNING THE ADVISABILITY OF INVESTING IN, PURCHASING OR SELLING SUCH SECURITY; 3) SANDS WOULD BE SUBJECT TO THE DIRECT SUPERVISION OF A PRINCIPAL OR OTHER EMPLOYEE OF HIGHER GRADE; AND 4) THE CHIEF COMPLIANCE OFFICER OF EACH FIRM WOULD APPROVE ANY TRADING IN SANDS' PERSONAL ACCOUNTS AND THOSE OF HIS IMMEDIATE FAMILY. SANDS BROTHERS ASSET MANAGEMENT LLC, SANDS BROTHERS & CO., LTD. AND SANDS BROTHERS INTERNATIONAL LTD. CONCURRED WITH THESE RESTRICTIONS ON SANDS' ACTIVITIES BY SIGNING THE CONSENT ORDER. THE CONSENT ORDER ALSO REQUIRED THAT, FOR TWO YEARS, QUARTERLY REPORTS CONCERNING ANY SECURITIES-RELATED COMPLAINTS, ACTIONS OR PROCEEDINGS INVOLVING SANDS BE FILED WITH THE DEPARTMENT. THE CONSENT ORDER ALSO PLACED SANDS ON ADMINISTRATIVE PROBATION FOR TWO YEARS.

C. Sanction detail:

PLEASE SEE RESPONSE TO ITEM 13.B.

14. Comment:

MARTIN SCOTT SANDS BECAME REGISTERED AS AN INVESTMENT ADVISER AGENT OF SANDS BROTHERS ASSET MANAGEMENT LLC IN CONNECTICUT ON NOVEMBER 29, 2004.

<b>Occurrence#</b>	██████████	<b>Disclosure Type</b>	Customer Complaint
<b>FINRA Public Disclosable</b>	Yes	<b>Reportable</b>	Yes
<b>Material Difference in Disclosure</b>	No		
<b>Filing ID</b>	██████████	<b>Form (Form Version)</b>	U4 (06/2003)

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Filing Date                      04/26/2005  
Source                              ██████████ - LAIDLAW & COMPANY (UK) LTD.  
Disclosure Questions Answered      14l(1)(b)

Customer Complaint DRP

DRP Version      10/2005

1. Customer name(s):                      JAN-ERIC RAMBERG, ET AL. VS SANDS BROTHERS & CO., LTD., MARTIN SCOTT SANDS, SANDS BROTHERS GROUP, LLC, ET AL.
2. Customer(s) state of residence:      New York  
    Other state(s) of residence/Detail:
3. Employing firm:                        SANDS BROTHERS & CO., LTD
4. Allegation(s):                         BREACH OF FIDUCIARY DUTY; COMMON LAW FRAUD;  
    CONVERSION AND MISAPPROPRIATION OF CUSTOMER FUNDS;  
    SECURITIES FRAUD

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5. Principal product type:                Other  
    Other product types:                 UNKNOWN TYPE OF SCECURITIES
6. Alleged compensatory damages:      \$2,150,000.00
7. Date complaint received/Explanation:      12/31/2003

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8. Currently pending:                      No
9. Status:                                  Arbitration/Reparation
10. Status date/Explanation:              09/09/2004
11. Settlement amount:

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12. Individual contribution amount:
13. Arbitration/Reparation claim filed with, Docket/Case#:      NASD CASE # ██████████

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14. Date notice served/ Explanation:      12/31/2003
15. Arbitration/Reparation pending:      No
16. Disposition:                            Award to Customer
17. Disposition date/Explanation:        09/09/2004

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18. Compensation amount:                 \$2,150,000.00
19. Individual contribution amount:        \$2,150,000.00

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20. Court, Docket/Case#:

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21. Date/Explanation:
22. Litigation pending:
23. Disposition:
24. Date/Explanation:

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Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP      DRP Version 10/2005

- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:
- 28. Comment:

RESPONDENT IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY CLAIMANTS \$2,150,000.00 IN DAMAGES AS FOLLOWS: THE HSBC ESCROW ACCOUNT IS PERMANENTLY ENJOINED UNTIL THE AWARD IS SATISFIED EXCEPT THE ENTIRE BALANCE SHALL BE DISTRIBUTED IMMEDIATELY TO CLAIMANTS. RESPONDENTS IS JOINTLY AND SEVERALLY LIABLE AND SHALL PAY CLAIMANTS THE BALANCE REMAINING BETWEEN \$2,150,000.00 AND THE FINAL AMOUNT DISTRIBUTED AMONG THE CLAIMANTS. WHEN THE AWARD IS FULLY SATISFIED THE CLAIMANTS' INVESTMENT INTEREST IN SANDS GROUP, LLC SHALL BE TRANSFERRED, PRO RATA, TO THE PARTIES WHO SATISFIED THE BALANCE OF THE AWARD.

Filing ID ██████████      Form (Form Version) U6 (06/2003)  
Filing Date 11/30/2004  
Source FINRA  
Disclosure Questions Answered

SRO Arbitration/Reparation DRP      DRP Version 10/2005

- 1. Case name: JAN-ERIC RAMBERG, ET AL. VS SANDS BROTHERS & CO., LTD., MARTIN SCOTT SANDS, SANDS BROTHERS GROUP, LLC, ET AL.
- 2. Arbitration/Reparation filed with: NASD
- 3. Date case initiated: 12/31/2003
- 4. Case number: ██████████ ██████████
- 5. Employing firm: SANDS BROTHERS & CO., LTD
- 6. Allegation(s): BREACH OF FIDUCIARY DUTY; COMMON LAW FRAUD; CONVERSION AND MISAPPROPRIATION OF CUSTOMER FUNDS; SECURITIES FRAUD
- 7. Principal product type: Other
  - Other product types: UNKNOWN TYPE OF SECURITIES
- 8. Alleged compensatory damages: \$2,150,000.00
- 9. Currently pending resolution: No
  - Resolution: Award
- Date resolved: 09/09/2004
- 10. Disposition details: RESPONDENT IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY CLAIMANTS \$2,150,000 IN DAMAGES AS FOLLOWS: THE HSBC ESCROW ACCOUNT IS PERMANENTLY ENJOINED UNTIL THE AWARD IS SATISFIED EXCEPT THE ENTIRE



Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

SRO Arbitration/Reparation DRP

DRP Version 10/2005

BALANCE SHALL BE DISTRIBUTED IMMEDIATELY TO CLAIMANTS. RESPONDENT IS JOINTLY AND SEVERALLY LIABLE AND SHALL PAY CLAIMANTS THE BALANCE REMAINING BETWEEN \$2,150,000 AND THE FINAL AMOUNT DISTRIBUTED AMONG THE CLAIMANTS. WHEN THE AWARD IS FULLY SATISFIED THE CLAIMANTS' INVESTMENT INTEREST IN SANDS GROUP, LLC SHALL BE TRANSFERRED, PRO RATA, TO THE PARTIES WHO SATISFIED THE BALANCE OF THE AWARD.

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	██████████	Form (Form Version)	U4 (10/2005)
Filing Date	02/23/2006		
Source	██████████ - LAIDLAW & COMPANY (UK) LTD.		

Disclosure Questions Answered 14I(1)(c)

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): RICHARD C. NERBACK AND GREENBROOK PHARMACY, INC
2. Customer(s) state of residence: New Jersey

Other state(s) of residence/Detail:

3. Employing firm: SANDS BROTHERS & CO., LTD
4. Allegation(s): CLIENT HAS ALLEGED CHURNING, MISUSE OF MARGIN, OVERCONCENTRATION, UNSUITABILITY, FRAUD, MISREPRESENTATION, BREACH OF FIDUCIARY DUTY, FAILURE TO SUPERVISE. ALLEGED COMPENSATORY DAMAGES OF \$600,000.00 AND PUNITIVE DAMAGES OF \$300,000.00.

5. Principal product type: Equity Listed (Common & Preferred Stock)

Other product types:

6. Alleged compensatory damages: \$900,000.00

7. Date complaint received/Explanation:

8. Currently pending:

9. Status: Arbitration/Reparation

10. Status date/Explanation:

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#: NASD CASE # ██████████

14. Date notice served/ Explanation: 10/01/2004

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Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Customer Complaint DRP

DRP Version 10/2005

STATEMENT OF CLAIM RECEIVED BY SANDS BROTHERS & CO., LTD.

- 15. Arbitration/Reparation pending: No
- 16. Disposition: Settled
- 17. Disposition date/Explanation: 02/01/2006
- 18. Compensation amount: \$40,000.00
- 19. Individual contribution amount: \$0.00

- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:

- 23. Disposition:
- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:

28. Comment: RESPONDENTS HAVE ENTERED INTO A \$40,000.00 SETTLEMENT IN ORDER TO AVOID THE COSTS AND EXPENSES ASSOCIATED WITH AN ARBITRATION. RESPONDENTS DENY ALL ALLEGATIONS OF WRONGDOING AND LIABILITY TO CLAIMANTS. CLAIMANTS UPON RECEIPT OF FULL PAYMENT OF SETTLEMENT WILL INSTRUCT THE NASD TO DISMISS THIS ARBITRATION FROM RESPONDENTS RECORDS.

Occurrence#	FINRA Public Disclosable	Material Difference in Disclosure	Filing ID	Filing Date	Source	Disclosure Questions Answered	Disclosure Type	Regulatory Action
██████████	Yes	No	██████████	11/22/2010	██████████ - LANE CAPITAL MARKETS LLC	14C(1),14C(2),14C(3),14C(4),14C(5),14C(6),14C(7),14C(8),14D(1)(a)	Reportable	Yes
							Form (Form Version)	U4 (05/2009)

Regulatory Action DRP

DRP Version 05/2009

- 1. Regulatory Action initiated by:
  - A. Initiated by: Securities and Exchange Commission
  - B. Full name of regulator: UNITED STATES SECURITIES AND EXCHANGE COMMISSION
- 2. Sanction(s) sought:
  - Cease and Desist
  - Censure
  - Civil and Administrative Penalty(ies)/Fine(s)

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

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Individual ██████████ - SANDS, MARTIN SCOTT

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Reportable Events

Regulatory Action **DRP**

DRP Version 05/2009

3. Date initiated/Explanation: 04/13/2009  
4. Docket/Case#: ██████████  
5. Employing firm: SANDS BROTHER ASSET MANAGEMENT  
6. Product type(s): No Product  
7. Allegation(s): BOOKS AND RECORDS VIOLATION, FAILURE TO PRODUCE DOCUMENTS, MAKING A FALSE STATEMENT  
8. Current status: Final

9. Limitations or restrictions while pending:

10. If on appeal:

A. Appealed to:

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B. Date appealed/Explanation:

C. Limitations or restrictions while on appeal:

11. Resolution details:

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A. Resolution detail: Settled

B. Resolution date/Explanation: 10/22/2010

12. Final order: Yes

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13. Sanction detail:

A. Sanctions ordered: Cease and Desist  
Censure  
Civil and Administrative Penalty(ies)/Fine(s)

B. Other sanctions:

C. Sanction type details:

D. Requalification type details:

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E. Monetary related sanction type details:

Monetary related sanction type: Civil and Administrative Penalty(ies)/Fine(s)

Total amount: \$60,000.00

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Portion levied: \$0.00

Payment plan: PAID TO ESCROW ACCOUNT OF ATTORNEY

Payment plan current: Yes

Date paid / Explanation: 05/28/2010

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CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Regulatory Action DRP

DRP Version 05/2009

FUNDS TRANSFERRED TO EXCROW ACCOUN TOF  
GUSRAE, KAPLAN, BRUNO FOR TRANSFER TO SEC

Penalty waived: No

Amount:

14. Comment:

Filing ID ██████████

Form (Form Version) U6 (05/2009)

Filing Date 10/27/2010

Source United States Securities and Exchange Commission

Disclosure Questions Answered

Regulatory Action DRP

DRP Version 05/2009

1. Regulatory Action initiated by:

A. Initiated by: Securities and Exchange Commission

B. Full name of regulator: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2. Sanction(s) sought: Cease and Desist

3. Date initiated/Explanation: 10/22/2010

4. Docket/Case#: ██████████

5. Employing firm: SANDS BROTHERS ASSET MANAGEMENT LLC

6. Product type(s): No Product

7. Allegation(s): SEC-1A RELEASE 3099, OCTOBER 22, 2010: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTIONS 203(E), 203(F), AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT") AGAINST MARTIN SANDS ("SANDS" OR "RESPONDENT"). IN ANTICIPATION OF THE INSTITUTION OF PROCEEDINGS, SANDS SUBMITTED AN OFFER OF SETTLEMENT ("OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT.

THE COMMISSION FOUND THAT THE PROCEEDINGS STEMMED FROM THE FAILURES OF SANDS' INVESTMENT ADVISER FIRM REGISTERED WITH THE COMMISSION TO COMPLY WITH CERTAIN RECORD-KEEPING AND OTHER PROVISIONS OF THE ADVISERS ACT. IN PARTICULAR, THE INVESTMENT ADVISER VIOLATED (I) SECTION 204 OF THE ADVISERS ACT AND RULE 204(2) GOVERNING THE RETENTION AND PRODUCTION TO THE STAFF UPON REQUEST OF CERTAIN REQUIRED DOCUMENTS AND BOOKS AND RECORDS; (II) SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-2 GOVERNING THE DELIVERY OF ACCOUNT STATEMENTS AND SURPRISE EXAMINATION REQUIREMENTS FOR CERTAIN INVESTMENT ADVISER FUNDS; AND (III) SECTIONS 204 AND 207 OF THE ADVISERS ACT AND RULE 204-1 GOVERNING THE

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Regulatory Action DRP

DRP Version 05/2009

DISCLOSURES AND AMENDMENTS TO INVESTMENT ADVISER'S INVESTMENT ADVISER REGISTRATION STATEMENT ON FORM ADV. SANDS WAS A PRINCIPAL CONTACT PERSON FOR THE INVESTMENT ADVISER FIRM IN RESPONDING TO THE COMMISSION STAFF'S INQUIRIES AND OTHERWISE COMMUNICATING WITH THE STAFF DURING EXAMINATIONS OF THE FIRM AND SOMETIMES ACTED THROUGH EMPLOYEES AND AGENTS INCLUDING COMPLIANCE PERSONNEL. AS A LEAD PRINCIPAL OF THE INVESTMENT ADVISER FIRM, SANDS, ACTING THROUGH EMPLOYEES AND AGENTS INCLUDING COMPLIANCE PERSONNEL, WAS ALSO RESPONSIBLE FOR ENSURING THAT THE FIRM'S FILINGS ON FORM ADV WERE ACCURATE AND UP TO DATE.

8. Current status: Final

9. Limitations or restrictions while pending:

10. If on appeal:

A. Appealed to:

B. Date appealed/Explanation:

C. Limitations or restrictions while on appeal:

11. Resolution details:

A. Resolution detail: Order

B. Resolution date/Explanation: 10/22/2010

12. Final order: Yes

13. Sanction detail:

A. Sanctions ordered: Cease and Desist  
Censure

B. Other sanctions:

C. Willful violation or failure to supervise: Yes

i. Willfully violated: No

ii. Willfully aided, abetted, counseled, commanded, induced, or procured: Yes

iii. Failed reasonably to supervise another person: No

Individual ██████████ - SANDS, MARTIN SCOTT

Reportable Events

Regulatory Action **DRP** DRP Version 05/2009

- D. Sanction type details:
- E. Requalification type details:
- F. Monetary related sanction type details:

14. Comment: SOLELY FOR THE PURPOSE OF THE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER HIM AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, SANDS CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER PURSUANT TO SECTIONS 203(E), 203(F), AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ORDER").

THE COMMISSION FOUND THAT SANDS WILLFULLY AIDED AND ABETTED AND CAUSED THE INVESTMENT ADVISER FIRM'S VIOLATIONS OF SECTIONS 204, 206(4), AND 207 OF THE ADVISERS ACT RULES 204--1, 204-2(A) AND (B) AND 206(4)-2 THEREUNDER.

~~THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENT'S OFFER.~~

THE COMMISSION ORDERED THAT:

A. RESPONDENT SANDS SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 204, 206(4), AND 207 OF THE ADVISERS ACT AND RULES 204-1, 204-2(A) AND (B), AND 206(4)-2 THEREUNDER.

B. RESPONDENT SANDS IS CENSURED.

Regulator Archive and Z Records

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		

Filing ID	██████████	Form (Form Version)	U4 (08/1999)
Filing Date	07/06/1999		
Source	UNKNOWN ORGANIZATION		
Disclosure Questions Answered			

Customer Complaint **DRP** DRP Version 10/2005

- 1. Customer name(s): JOSEPH NEDERLANDER, ET AL. (RELATED ACCOUNTS UNDER HIS CONTROL)

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

2. Customer(s) state of residence:

Other state(s) of residence/Detail:

3. Employing firm:

4. Allegation(s):

I WAS NAMED IN STATEMENT OF CLAIM FILED ON OR ABOUT MARCH 22, 1994 ALLEGING, IN ESSENCE UNSUITABLE AND UNAUTHORIZED OPTIONS TRADING ACTIVITIES IN RELATED AND CONTROLLED ACCOUNTS OF A SOPHISTICATED AND EXPERIENCED OPTIONS SPECULATOR AFTER HE ARRIVED AT THE BELIEF THAT HE HAD LOST MONEY IN OPTIONS STRATEGIES HE INITIATED DURING A SPECIFIC AND ISOLATED PERIOD. THE CLAIM ALLEGES SOME \$10,000,000 IN LOSSES TO ACCOUNTS UNDER HIS CONTROL.

5. Principal product type:

Other product types:

6. Alleged compensatory damages: \$10,570,000.00

7. Date complaint received/Explanation:

8. Currently pending: No

9. Status: Arbitration/Reparation

10. Status date/Explanation:

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#: National Assoc. of Securities Dealers; ██████████

14. Date notice served/ Explanation: 03/22/1994

15. Arbitration/Reparation pending: No

16. Disposition: Withdrawn

17. Disposition date/Explanation: 05/05/1995

18. Compensation amount:

19. Individual contribution amount:

20. Court, Docket/Case#:

21. Date/Explanation:

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP DRP Version 10/2005

- 22. Litigation pending:
- 23. Disposition:
- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:
- 28. Comment: NOT APPLICABLE  
Not Provided

Filing ID ██████████ Form (Form Version) U6 (08/1999)  
Filing Date 07/07/1999  
Source UNKNOWN

Disclosure Questions Answered

SRO Arbitration/Reparation DRP DRP Version 10/2005

- 1. Case name: FREDERICK NEDERLANDER, HARRY NEDERLANDER ET AL VS SANDS BROTHERS & CO., LTD, MARTIN S. SANDS, ET AL.
- 2. Arbitration/Reparation filed with: UNKNOWN
- 3. Date case initiated: 03/22/1994
- 4. Case number: ██████████
- 5. Employing firm:
- 6. Allegation(s): SUITABILITY; UNAUTHORIZED TRADING; MISREPRESENTATION; ACCOUNT RELATED - FAILURE TO SUPERVISE
- 7. Principal product type:  
Other product types:
- 8. Alleged compensatory damages: \$10,570,000.00
- 9. Currently pending resolution: No  
Resolution: Withdrawn  
Date resolved: 05/05/1995
- 10. Disposition details: CASE CLOSED, SETTLED/OTHER ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY; ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY; ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS

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Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

SRO Arbitration/Reparation DRP

DRP Version 10/2005

WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY;  
 INTEREST, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY; ATTORNEY'S FEES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		
Filing ID	██████████	Form (Form Version)	U4 (08/1999)
Filing Date	07/06/1999		
Source	UNKNOWN ORGANIZATION		
Disclosure Questions Answered			

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): WARREN FRISCH
2. Customer(s) state of residence:  
Other state(s) of residence/Detail:
3. Employing firm: SANDS BROTHERS & CO., LTD.
4. Allegation(s): CLAIMANT ALLEGED BREACH OF FIDUCIARY DUTY, NEGLIGENCE, UNSUITABILITY. ALLEGED COMPENSATORY DAMAGES OF \$237,453.12.
5. Principal product type:  
Other product types:
6. Alleged compensatory damages: \$237,453.12

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

CRD® or IARD(TM) System Snapshot - Individual  
Current As Of: 10/02/2014  
CRD® or IARD(TM) System Report provided to: SEC  
Request Submitted: 10/3/2014 1:34:25 PM

Individual ██████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

**Customer Complaint** **DRP** **DRP Version** 10/2005

7. Date complaint received/Explanation:

8. Currently pending: No

9. Status: Arbitration/Reparation

10. Status date/Explanation:

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#: National Assoc. of Securities Dealers; ██████

14. Date notice served/ Explanation: 07/02/1996

15. Arbitration/Reparation pending: No

16. Disposition: Withdrawn

17. Disposition date/Explanation: 02/03/1998

18. Compensation amount:

19. Individual contribution amount:

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment: CASE WAS DISCONTINUED WITHOUT PREJUDICE  
WITHDRAWN BY CLAIMANT  
Not Provided

Filing ID ██████  
Filing Date 07/07/1999  
Source UNKNOWN  
Disclosure Questions Answered

Form (Form Version) U6 (08/1999)

**SRO Arbitration/Reparation** **DRP** **DRP Version** 10/2005

1. Case name: WARREN FRISCH, IND/TTEE. V. SANDS BROTHERS & CO., LTD., MARTIN S. SANDS AND JAMES A. BRODIE

2. Arbitration/Reparation filed with: NASD

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

SRO Arbitration/Reparation DRP DRP Version 10/2005

- 3. Date case initiated: 07/02/1996
- 4. Case number: ██████████
- 5. Employing firm: SANDS BROTHERS & CO., LTD.
- 6. Allegation(s): SUITABILITY; MISREPRESENTATION
- 7. Principal product type:  
Other product types:
- 8. Alleged compensatory damages: \$237,453.12
- 9. Currently pending resolution: No  
Resolution: Withdrawn  
Date resolved: 02/03/1998

10. Disposition details: CASE IS CLOSED, WITHDRAWN W/ PREJUDICE  
\*\* CASE WITHDRAWN WITH PREJUDICE \*\*

<b>Occurrence#</b>	205778	<b>Disclosure Type</b>	Customer Complaint
<b>FINRA Public Disclosable</b>	No	<b>Reportable</b>	No
<b>Material Difference in Disclosure</b>	No		

**Filing ID** ██████████ **Form (Form Version)** U4 (08/1999)

**Filing Date** 07/06/1999  
**Source** UNKNOWN ORGANIZATION  
**Disclosure Questions Answered**

Customer Complaint DRP DRP Version 10/2005

- 1. Customer name(s): \*\*\*22H(1)(A) WAS ANSWERED ON THE DRP\*\*\*  
KENNETH H. BUNK-CUSTOMER OF FIRM
- 2. Customer(s) state of residence:  
Other state(s) of residence/Detail:
- 3. Employing firm: SANDS BROTHERS & CO., LTD.
- 4. Allegation(s): CLAIMANT ALLEGED "FRAUDULENT AND NEGLIGENT  
CONDUCT, BREACH OF FIDUCIARY AND CONTRACTUAL DUTIES  
IN  
RECOMMENDING THE EXCESSIVE PURCHASE AND SALE OF  
UNSUITABLE  
SECURITIES AND UNAUTHORIZED TRADING IN A MARGIN  
ACCOUNT."
- 5. Principal product type:  
Other product types:
- 6. Alleged compensatory damages:

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

7. Date complaint received/Explanation:

8. Currently pending: No

9. Status: Arbitration/Reparation

10. Status date/Explanation:

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#: National Assoc. of Securities Dealers; ██████████

14. Date notice served/ Explanation: 07/10/1996

15. Arbitration/Reparation pending: No

16. Disposition: Withdrawn

17. Disposition date/Explanation: 11/06/1997

18. Compensation amount:

19. Individual contribution amount:

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment: CLAIMANT DISMISSED MR. SANDS FROM THE ARBITRATION AND RELEASED HIM PRIOR TO THE SETTLEMENT MARTIN SANDS WAS DISMISSED AND RELEASED FROM THE ARBITRATION PRIOR TO THE SETTLEMENT

Filing ID ██████████  
Filing Date 07/07/1999  
Source UNKNOWN

Form (Form Version) U6 (08/1999)

Disclosure Questions Answered

SRO Arbitration/Reparation DRP

DRP Version 10/2005

1. Case name: KENNETH H. BUNK VS. SANDS BROTHERS MITCHELL & CO., LTD., MARTIN J. RABOVICH AND MARTIN S. SANDS

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

SRO Arbitration/Reparation DRP      DRP Version 10/2005

- 2. Arbitration/Reparation filed with: NASD
- 3. Date case initiated: 07/10/1996
- 4. Case number: ██████████
- 5. Employing firm: SANDS BROTHERS & CO., LTD.
- 6. Allegation(s): BRCH OF FIDUCIARY DT; CHURNING;  
MANIPULATION; MISREPRESENTATION
- 7. Principal product type:  
Other product types:
- 8. Alleged compensatory damages:
- 9. Currently pending resolution: No
- Resolution: Withdrawn

Date resolved: 11/06/1997

10. Disposition details: CLOSED - PARTIES SETTLED THRU MEDIATION  
 ACTUAL/COMPENSATORY DAMAGES, RELIEF  
 REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT  
 JOINTLY AND SEVERALLY; PUNITIVE/EXEMPLARY DAMAGES, RELIEF  
 REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND  
 SEVERALLY;  
 TREBLE DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD  
 AMOUNT JOINTLY AND SEVERALLY; ATTORNEY'S FEES,  
 RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND  
 SEVERALLY;  
 OTHER COSTS, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD  
 AMOUNT JOINTLY AND SEVERALLY; OTHER MONETARY  
 RELIEF, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT  
 JOINTLY AND SEVERALLY

<b>Occurrence#</b>	██████████	<b>Disclosure Type</b>	Customer Complaint
<b>FINRA Public Disclosable</b>	No	<b>Reportable</b>	No
<b>Material Difference in Disclosure</b>	No		

<b>Filing ID</b>	██████████	<b>Form (Form Version)</b>	U4 (10/2005)
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**Filing Date** 12/20/2005

**Source** ██████████ SANDS BROTHERS & CO., LTD.

**Disclosure Questions Answered**

Customer Complaint DRP      DRP Version 10/2005

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP      DRP Version 10/2005

1. Customer name(s):      \*\*\*22H(1)(C) WAS ANSWERED ON THE DRP\*\*\*  
CUSTOMER: GREGG DAVIS
2. Customer(s) state of residence:  
Other state(s) of residence/Detail:
3. Employing firm:      SANDS BROTHERS & CO., LTD.
4. Allegation(s):      CUSTOMER ALLEGED VIOLATION OF "KNOW YOUR  
CUSTOMER" RULE, FRAUD, MISREPRESENTATION, CHURNING.  
TOTAL  
DAMAGES CLAIMES \$32,359.15.
5. Principal product type:  
Other product types:
6. Alleged compensatory damages:      \$32,359.15
7. Date complaint received/Explanation:
8. Currently pending:      No
9. Status:      Arbitration/Reparation
10. Status date/Explanation:
11. Settlement amount:
12. Individual contribution amount:
13. Arbitration/Reparation claim filed with, Docket/Case#:      NATIONAL ASSOC. OF SECURITIES DEALERS; ██████████
14. Date notice served/ Explanation:      03/24/1997
15. Arbitration/Reparation pending:      No
16. Disposition:      Dismissed
17. Disposition date/Explanation:      01/01/1998
18. Compensation amount:
19. Individual contribution amount:
20. Court, Docket/Case#:
21. Date/Explanation:
22. Litigation pending:
23. Disposition:
24. Date/Explanation:
25. Compensation amount:
26. Individual contribution amount:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

27. Appeal date/Explanation:

28. Comment:

THE ARBITRATION WAS SETTLED FOR \$17,000.00 PRIOR TO THE SETTLEMENT, CLAIMANT DISCHARGED AND RELEASED MARTIN SANDS. MARTIN SANDS NEVER SPOKE WITH CUSTOMER WHO NAMED A HOST OF EMPLOYEES OF SANDS BROTHERS & CO., LTD. AS REPENDENTS. CLAIMANT WITHDREW/DISMISSED MARTIN SANDS FROM THE ACTION PRIOR TO THE SETTLEMENT.

Filing ID ██████████

Form (Form Version)

U6 (08/1999)

Filing Date

07/07/1999

Source

UNKNOWN

~~Disclosure Questions Answered~~

SRO Arbitration/Reparation DRP

DRP Version 10/2005

1. Case name:

GREGG T. DAVIS VS. GARY SLUTSKY, GEORGE GLEUZNER, HUGH MARASA, MARTY SANDS, & SANDS BROTHERS, LTD. & CO.

2. Arbitration/Reparation filed with:

NASD

3. Date case initiated:

03/24/1997

4. Case number:

██████████

5. Employing firm:

SANDS BROTHERS & CO., LTD.

6. Allegation(s):

CHURNING; UNAUTHORIZED TRADING; OMISSION OF FACTS; MISREPRESENTATION

7. Principal product type:

Other product types:

8. Alleged compensatory damages:

\$32,359.15

9. Currently pending resolution:

No

Resolution:

Dismissed

Date resolved:

01/01/1998

10. Disposition details:

CASE IS CLOSED, SETTLED  
\*\* CASE SETTLED \*\*

Occurrence# ██████████

Disclosure Type

Customer Complaint

FINRA Public Disclosable

No

Reportable

No

Material Difference in Disclosure

No

Filing ID ██████████

Form (Form Version)

U4 (08/1999)

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Filing Date 07/06/1999
Source UNKNOWN ORGANIZATION
Disclosure Questions Answered

Customer Complaint DRP DRP Version 10/2005

- 1. Customer name(s): CUSTOMER DON L KINNEY
2. Customer(s) state of residence:
Other state(s) of residence/Detail:
3. Employing firm: SANDS BROTHERS & CO., LTD.
4. Allegation(s): UNSUITABILITY, BREACH OF FIDUCIARY DUTY, NEGLIGENCE, FRAUD. CLAIMANT ALLEGED COMPENSATORY DAMAGES OF 8,281.48 AND REQUESTED PUNITIVE DAMAGES OF \$16,562.96

- 5. Principal product type:
Other product types:
6. Alleged compensatory damages: \$8,281.27
7. Date complaint received/Explanation:

- 8. Currently pending: No
9. Status: Arbitration/Reparation
10. Status date/Explanation:

- 11. Settlement amount:
12. Individual contribution amount:

- 13. Arbitration/Reparation claim filed with, Docket/Case#: National Assoc. of Securities Dealers; 97-01774

- 14. Date notice served/ Explanation: 04/15/1997
15. Arbitration/Reparation pending: No
16. Disposition: Settled

- 17. Disposition date/Explanation: 07/14/1997
18. Compensation amount: \$1,000.00
19. Individual contribution amount:

- 20. Court, Docket/Case#:
21. Date/Explanation:
22. Litigation pending:
23. Disposition:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.



Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP      DRP Version 10/2005

- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:
- 28. Comment:      SETTLED FOR \$1,000  
APPLICANT NEVER SPOKE WITH CLAIMANT AT ANY TIME.  
IT IS BEING SETTLED SOLELY BECAUSE OF THE CLAIM'S  
NUISANCE  
VALUE. OTHERWISE, THE CLAIMS MADE BY CLAIMANT ARE  
TOTALLY  
FALSE AND FRIVOLOUS.

Filing ID      ██████████      Form (Form Version)      U5 (06/2003)

Filing Date      10/19/2005

Source      ██████████ - SANDS BROTHERS & CO., LTD.

Disclosure Questions Answered

Customer Complaint DRP      DRP Version 10/2005

- 1. Customer name(s):      DON L. KINNEY
- 2. Customer(s) state of residence:  
Other state(s) of residence/Detail:
- 3. Employing firm:      SANDS BROTHERS & CO., LTD.
- 4. Allegation(s):
- 5. Principal product type:  
Other product types:
- 6. Alleged compensatory damages:      \$8,281.27
- 7. Date complaint received/Explanation:
- 8. Currently pending:      No
- 9. Status:      Arbitration/Reparation
- 10. Status date/Explanation:
- 11. Settlement amount:
- 12. Individual contribution amount:
- 13. Arbitration/Reparation claim filed with, Docket/Case#:      NATIONAL ASSOC. OF SECURITIES DEALERS; 97-01774
- 14. Date notice served/ Explanation:      04/15/1997
- 15. Arbitration/Reparation pending:      No

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP DRP Version 10/2005

- 16. Disposition: Settled
- 17. Disposition date/Explanation: 07/14/1997
- 18. Compensation amount: \$1,000.00
- 19. Individual contribution amount:
  
- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:
- 24. Date/Explanation:
- 25. Compensation amount:

- 26. Individual contribution amount:
- 27. Appeal date/Explanation:
- 28. Comment:

Filing ID ██████████ Form (Form Version) U6 (08/1999)

Filing Date 07/07/1999

Source UNKNOWN

Disclosure Questions Answered

SRO Arbitration/Reparation DRP DRP Version 10/2005

- 1. Case name: DON L. KINNEY VS. SANDS BROTHERS & CO., LTD., SEAN MAHRE, MARTIN SANDS, DAVID ROTH, HOWARD ALLEN
- 2. Arbitration/Reparation filed with: UNKNOWN
- 3. Date case initiated: 04/15/1997
- 4. Case number: ██████████
- 5. Employing firm: SANDS BROTHERS & CO., LTD.
- 6. Allegation(s): SUITABILITY; BRCH OF FIDUCIARY DT; ACCOUNT RELATED-NEGLIGENCE; OTHER

7. Principal product type:

Other product types:

8. Alleged compensatory damages: \$8,281.27

9. Currently pending resolution: No

Resolution: Settled

Date resolved: 07/14/1997

10. Disposition details: CASE CLOSED,SETTLED/OTHER

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

SRO Arbitration/Reparation DRP

DRP Version 10/2005

ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY; INTEREST, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY; PUNITIVE/EXEMPLARY DAMAGES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY; OTHER COSTS, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY; ATTORNEY'S FEES, RELIEF REQUEST IS WITHDRAWN/SETTLED/ETC, AWARD AMOUNT JOINTLY AND SEVERALLY

Occurrence# ██████████ Disclosure Type Customer Complaint

FINRA Public Disclosable No Reportable No

Material Difference in Disclosure No

Filing ID ██████████ Form (Form Version) U4 (08/1999)

Filing Date 03/15/2001

Source ██████████ - SANDS BROTHERS & CO., LTD.

Disclosure Questions Answered 231(1)(a)

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): CUSTOMER - ANDREW AND DIANE PHILIPS

2. Customer(s) state of residence: California

Other state(s) of residence/Detail:

3. Employing firm: SANDS BROTHERS & CO., LTD.

4. Allegation(s): CLIENT ALLEGES EXCESSIVE AND UNAUTHORIZED TRADING, NEGLIGENCE & BREACH FIDUCIARY DUTY CLAIMING DAMAGES IN THE AMOUNT OF \$147,672.59.

5. Principal product type: Equity Listed (Common & Preferred Stock)

Other product types: EQUITY-OTC

6. Alleged compensatory damages: \$147,672.59

7. Date complaint received/Explanation: 03/31/1999

8. Currently pending: No

9. Status: Arbitration/Reparation

10. Status date/Explanation: 07/29/1999  
 WE WERE APPRISED OF THE ARBITRATION BY THE NASD THROUGH A LETTER DATED JULY 29, 1999. WE PRESUME THE

Individual ██████ - SANDS, MARTIN SCOTT  
Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

LETTER WAS RECEIVED A FEW DAYS LATER.

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#:

NASD ARBITRATION NUMBER ██████

14. Date notice served/ Explanation:

07/29/1999  
WE WERE APPRISED OF THE ARBITRATION BY THE NASD THROUGH A LETTER DATED JULY 29, 1999. WE PRESUME THE LETTER WAS RECEIVED A FEW DAYS LATER.

15. Arbitration/Reparation pending:

No

16. Disposition:

Dismissed

17. Disposition date/Explanation:

10/25/2000

18. Compensation amount:

19. Individual contribution amount:

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment:

CLAIM DENIED  
MR. SANDS ESTABLISHED THAT MR PHILIPS WAS AN EXPERIENCED, SOPHISTICATED INVESTOR OR DESIRING TO INVEST IN SPECULATIVE HIGH RISK STOCKS. THAT WAS NOTED ON THE NEW ACCOUNT FORM SIGNED BY MR PHILIPS ALONG WITH THE MARGIN AGREEMENT AND TRADING AUTHORIZATION. MR SANDS WAS IN REGULAR COMMUNICATION WITH MR. PHILIPS FROM THE OPENING OF THE ACCOUNT THROUGH DECEMBER 1998 AND ESTABLISHED THAT MR. PHILIPS WAS AWARE OF AN INCONCURRENCE WITH THE HANDLING OF THE ACCOUNT. UPON BECOMING AWARE OF MR. PHILIPS CONCERNS IN LATE DECEMBER

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

1998, MR. SANDS AND HIS ASS ISTANTS ACTED TO ADDRESS THEM. AT NO TIME DID MR. SANDS ACT WITHOUT AUTHORIZAT UIN IN THEIR ACCOUNT OR USE MARGIN IN ANY WAY NOT PREVIOUSLY AUTHORIZED. MR SANDS DENIES IN TOTAL THE CLAIMS MADE BY MR PHILIPS ABOUT THE HANDLING OF THE A CCOUNT. MR. AND MRS. PHILIPS FILED AN ARBITRATION ON JULY 21, 1999.

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		

Filing ID	██████████	Form (Form Version)	U4 (08/1999)
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Filing Date	03/15/2001
Source	██████████ - SANDS BROTHERS & CO., LTD.
Disclosure Questions Answered	23l(1)(a)

Customer Complaint DRP

DRP Version 10/2005

- |  |  |
|--|--|
| 1. Customer name(s):                                       | MICHAEL AND DEBORAH KIRBY  |
| 2. Customer(s) state of residence:                         | Pennsylvania   |
| Other state(s) of residence/Detail:                        |  |
| 3. Employing firm:   | SANDS BROTHERS & CO., LTD  |
| 4. Allegation(s):  | THE CLAIMANTS ALLEGE FRAUD, VIOLATIONS OF THE PENNSYLVANIA SECURITIES ACT, EXCESSIVE TRADING, NEGLIGENCE, BREACH OF CONTRACT, AND BREACH OF FIDUCIARY DUTY |
| 5. Principal product type:                                 | Equity Listed (Common & Preferred Stock)   |
| Other product types:                                       | EQUITY-OTC   |
| 6. Alleged compensatory damages:                           | \$1,350,941.00   |
| 7. Date complaint received/Explanation:                    | 12/10/1999   |
| 8. Currently pending:                                      | No   |
| 9. Status:   | Arbitration/Reparation   |
| 10. Status date/Explanation:                               | 12/10/1999   |
| 11. Settlement amount:                                     |  |
| 12. Individual contribution amount:                        |  |
| 13. Arbitration/Reparation claim filed with, Docket/Case#: | NYSE DOCKET NO. 1999-008180  |

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP DRP Version 10/2005

- 14. Date notice served/ Explanation: 12/10/1999
- 15. Arbitration/Reparation pending: No
- 16. Disposition: Dismissed
- 17. Disposition date/Explanation: 12/05/2000
- 18. Compensation amount:
- 19. Individual contribution amount:

- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:

- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:
- 28. Comment:

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		

Filing ID ██████████ Form (Form Version) U4 (10/2005)

Filing Date 11/22/2005

Source ██████████ - SANDS BROTHERS ASSET MANAGEMENT LLC

Disclosure Questions Answered 14l(1)(a),14l(3)(a)

Customer Complaint DRP DRP Version 10/2005

- 1. Customer name(s): MR. LOWELL DUBROW & MR. FRED DUBROW
- 2. Customer(s) state of residence: Pennsylvania

Other state(s) of residence/Detail:

- 3. Employing firm: SANDS BROTHERS & CO., LTD.
- 4. Allegation(s): PURCHASING UNSUITABLE INVESTMENTS, THE UNAUTHORIZED PURCHASE OF SECURITIES, EXCESSIVE TRADING, FAILING TO ADHERE TO CUSTOMER INSTRUCTIONS, GROSS NEGLIGENCE, FRAUDULENT MISREPRESENTATION, MISMANAGEMENT, NEGLIGENT SUPERVISION, BREACH OF FIDUCIARY DUTY AND ERISA VIOLATIONS.

- 5. Principal product type: Equity - OTC

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP DRP Version 10/2005

Other product types:

- 6. Alleged compensatory damages: \$10,000,000.00
- 7. Date complaint received/Explanation: 07/25/2001
- 8. Currently pending: No
- 9. Status: Denied
- 10. Status date/Explanation: 10/08/2001
- 11. Settlement amount:
- 12. Individual contribution amount:
- 13. Arbitration/Reparation claim filed with, Docket/Case#:

- 14. Date notice served/ Explanation:
- 15. Arbitration/Reparation pending:
- 16. Disposition:
- 17. Disposition date/Explanation:

18. Compensation amount:

19. Individual contribution amount:

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment: I CATEGORICALLY DENY THE CUSTOMERS' ALLEGATIONS. THIS MATTER WILL VIGOROUSLY BE DEFENDED.

<b>Occurrence#</b>	██████████	<b>Disclosure Type</b>	Customer Complaint
<b>FINRA Public Disclosable</b>	No	<b>Reportable</b>	No
<b>Material Difference in Disclosure</b>	No		

<b>Filing ID</b>	██████████	<b>Form (Form Version)</b>	U6 (06/2003)
<b>Filing Date</b>	04/05/2004		
<b>Source</b>	FINRA		
<b>Disclosure Questions Answered</b>			

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

SRO Arbitration/Reparation DRP

DRP Version 10/2005

1. Case name: RANDY GEORGE VS SANDS BROTHERS & CO., LTD., MARTIN SCOTT SANDS, ET AL.
2. Arbitration/Reparation filed with: NASD
3. Date case initiated: 06/26/2002
4. Case number: 02-03737
5. Employing firm: SANDS BROTHERS & CO., LTD.,
6. Allegation(s): UNSUITABILITY; MISMANAGEMENT/NEGLIGENCE AND NEGLIGENCE PER SE; BREACH OF FIDUCIARY DUTY; UNAUTHORIZED TRADING; NEGLIGENCE MISREPRESENTATION; SECURITIES FRAUD; NEGLIGENT SUPERVISION; CONTROLLING PERSON/AIDING AND ABETTING LIABILITY
7. Principal product type: Other  
Other product types: HIGH RISK TECHNOLOGY STOCKS
8. Alleged compensatory damages: \$167,000.00
9. Currently pending resolution: No  
Resolution: Dismissed  
Date resolved: 02/03/2004
10. Disposition details: CLAIMS AGAINST RESPONDENT ARE DISMISSED AND DENIED IN THEIR ENTIRETY BY THE ARBITRATION PANEL.

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		

Filing ID ██████████ Form (Form Version) U4 (06/2003)  
Filing Date 04/29/2005  
Source ██████████ - LAIDLAW & COMPANY (UK) LTD.  
Disclosure Questions Answered 141(1)(c)

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): JAY HOGE
2. Customer(s) state of residence: California  
Other state(s) of residence/Detail:
3. Employing firm: SANDS BROTHERS & CO., LTD.
4. Allegation(s): CLAIMANT, A PUBLIC CUSTOMER, ALLEGES BREACH OF FIDUCIARY DUTY, CONSTRUCTIVE FRAUD, FAILURE TO SUPERVISE, VIOLATION OF FEDERAL AND STATE SECURITIES LAWS AND NASD AND NYSE RULES. CLAIMANT ALSO ALLEGES UNAUTHORIZED TRANSACTIONS AND FAILURE TO FOLLOW INSTRUCTIONS. CLAIMANT SEEKS DAMAGES IN EXCESS OF \$1,000,000.00 PLUS CONSEQUENTIAL, LOST OPPORTUNITY AND



Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

PUNITIVE DAMAGES AS WELL AS COSTS, INTERESTS AND ATTORNEY'S FEES.

5. Principal product type: Other

Other product types:

6. Alleged compensatory damages: \$0.00

7. Date complaint received/Explanation: 09/05/2001

8. Currently pending: No

9. Status: Arbitration/Reparation

10. Status date/Explanation: 07/14/2004

11. Settlement amount: \$3,166,000.00

12. Individual contribution amount: \$0.00

13. Arbitration/Reparation claim filed with, Docket/Case#: NYSE CASE #2001 - 009402

14. Date notice served/ Explanation: 09/05/2001

15. Arbitration/Reparation pending: No

16. Disposition: Dismissed

17. Disposition date/Explanation: 07/14/2004

18. Compensation amount: \$3,166,000.00

19. Individual contribution amount: \$0.00

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment:

1. RESPONDENTS SANDS BROTHERS & CO., LTD. SHALL PAY CLAIMANT \$1,855,000.00; AND  
2. RESPONDENTS SANDS BROTHERS & CO., LTD AND STEPHEN SOLER ARE JOINTLY AND SEVERALLY LIABLE TO CLAIMANT FOR \$311,000.00  
3. WILLIAMM ANTHONY IOMMI, SR. WAS DSMISSED FROM THIS ARBITRATION. THE PANEL ORDERS EXPUNGEMENT OF HIS CRD RECORD BY A COURT OF COMPETENT JURISDICTION.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

4. MARTIN AND STEVEN SANDSWEERE DISMISSED, INDIVIDUALLY. THE PANEL WILL NOT ORDER THE EXPUNGEMENT OF THEIR CRD RECORDS.  
5. RESPONDENT SANDS BROTHERS & CO., LTD SHALL PAY CLAIMANT PUNITIVE DAMAGES OF \$1,000,000.00.  
6. FORUM FEES OF \$27,000.00 SHALL BE ASSESSED EQUALLY AGAINST CLAIMANT AND RESPONDENTS SANDS BROTHERS & CO., LTD AND STEPHEN SOLER. CLAIMANT TO PAY \$13,500.00 AND RESPONDENTS SANDS BROTHERS & CO., LTD AND STEPHEN SOLER TO PAY \$13,500.00

Filing ID ██████████ Form (Form Version) U6 (06/2003)  
Filing Date 01/26/2005  
Source New York Stock Exchange  
Disclosure Questions Answered

SRO Arbitration/Reparation DRP

DRP Version 10/2005

1. Case name: JAY HOGE V SANDS BROTHERS & CO.,LTD., STEPHEN SOLER, WILLIAM A IOMMI, SR., MARTIN S SANDS AND STEVEN B SANDS AND DOES 1-20
2. Arbitration/Reparation filed with: NYSE
3. Date case initiated: 09/05/2001
4. Case number: ██████████
5. Employing firm: SANDS BROTHERS & CO LTD
6. Allegation(s): CLAIMANT, A PUBLIC CUSTOMER, ALLEGES BREACH OF FIDUCIARY DUTY, CONSTRUCTIVE FRAUD, FAILURE TO SUPERVISE, VIOLATION OF FEDERAL AND STATE SECURITIES LAWS AND NASD AND NYSE RULES. CLAIMANT ALSO ALLEGES UNAUTHORIZED TRANSACTIONS AND FAILURE TO FOLLOW INSTRUCTIONS. CLAIMANT SEEKS DAMAGES IN EXCESS OF \$1,000,000.00 PLUS CONSEQUENTIAL, LOST OPPORTUNITY AND PUNITIVE DAMAGES AS WELL AS COSTS, INTERESTS AND ATTORNEY'S FEES.
7. Principal product type: Other  
Other product types:
8. Alleged compensatory damages: \$0.00
9. Currently pending resolution: No  
Resolution: Dismissed
- Date resolved: 07/14/2004
10. Disposition details: 1. RESPONDENT SANDS BROTHERS & CO., LTD. SHALL PAY CLAIMANT \$1,855,000.00;AND 2. RESPONDENTS SANDS BROTHERS & CO., LTD. AND STEPHEN SOLER ARE JOINTLY AND SEVERALLY LIABLE TO CLAIMANT FOR \$311,000.00. 4.

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

SRO Arbitration/Reparation DRP

DRP Version 10/2005

WILLIAM ANTHONY IOMMI, SR. WAS DISMISSED FROM THE ARBITRATION. THE PANEL ORDERS EXPUNGMENT OF HIS CRD RECORD BY A COURT OF COMPETENT JURISDICTION. 5. MARTIN SANDS AND STEVE SANDS WERE DISMISSED, INDIVIDUALLY. THE PANEL WILL NOT ORDER EXPUNGMENT OF THEIR CRD RECORDS. 6. RESPONDENT SANDS BROTHERS & CO., LTD SHALL PAY CLAIMANT PUNITIVE DAMAGES OF \$1,000,000.00. 7. FORUM FEES OF \$27,000 SHALL BE ASSESSED EQUALLY AGAINST CLAIMANT AND RESPONDENTS SANDS BROTHERS & CO.,LTD. AND STEPHEN SOLER. CLAIMANT TO PAY \$13,500 AND RESPONDENTS SANDS BROTHERS & CO., LTD. AND STEPHEN SOLER TO PAY \$13,500.

Occurrence#	██████████	Disclosure Type	Customer Complaint
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		

Filing ID	██████████	Form (Form Version)	U4 (06/2003)
Filing Date	08/19/2005		
Source	██████████ - LAIDLAW & COMPANY (UK) LTD.		
Disclosure Questions Answered	14(3)(a)		

Customer Complaint DRP

DRP Version 10/2005

- 1. Customer name(s): JERJIS J. DENNO MD., SHATHA DENNO AND FAYKA DALLO
- 2. Customer(s) state of residence: Texas
- Other state(s) of residence/Detail:
- 3. Employing firm: SANDS BROTHERS & CO., LTD.
- 4. Allegation(s): BREACH OF FIDUCIARY DUTY, SUITABILITY, CHURNING, FAILURE TO SUPERVISE AND BREACH OF CONTRACT.
- 5. Principal product type: Other
- Other product types: UNSPECIFIED EQUITIES, BONDS, LIMITED PARTNERSHIPS AND OPTIONS
- 6. Alleged compensatory damages: \$1,250,000.00
- 7. Date complaint received/Explanation:
- 8. Currently pending:
- 9. Status: Arbitration/Reparation
- 10. Status date/Explanation: 08/20/2003
- 11. Settlement amount: \$0.00
- 12. Individual contribution amount: \$0.00
- 13. Arbitration/Reparation claim filed NASD CASE # ██████████

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP

DRP Version 10/2005

with, Docket/Case#:

- 14. Date notice served/ Explanation: 08/20/2003
- 15. Arbitration/Reparation pending: No
- 16. Disposition: No Action
- 17. Disposition date/Explanation: 03/31/2005
- 18. Compensation amount: \$0.00
- 19. Individual contribution amount: \$0.00

20. Court, Docket/Case#:

21. Date/Explanation:

22. Litigation pending:

23. Disposition:

24. Date/Explanation:

25. Compensation amount:

26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment:

ON OR ABOUT JANUARY 31, 2005, CLAIMANTS AND RESPONDENT SETTLED THEIR CLAIMS.

Filing ID ██████████

Form (Form Version)

U6 (06/2003)

Filing Date

08/15/2005

Source

FINRA

Disclosure Questions Answered

SRO Arbitration/Reparation DRP

DRP Version 10/2005

- 1. Case name: JERJIS J. DENNO, MD, SHATHA DENNO AND FAYKA DALLO V. SANDS BROTHERS & CO, LTD., AND MARTIN SCOTT SANDS ET AL.
- 2. Arbitration/Reparation filed with: NASD
- 3. Date case initiated: 08/20/2003
- 4. Case number: ██████████
- 5. Employing firm: SANDS BROTHERS & CO, LTD.
- 6. Allegation(s): BREACH OF FIDUCIARY DUTY, SUITABILITY, CHURNING, FAILURE TO SUPERVISE AND BREACH OF CONTRACT.
- 7. Principal product type: Other
  - Other product types: UNSPECIFIED EQUITIES, BONDS, LIMITED PARTNERSHIPS, AND OPTIONS.
- 8. Alleged compensatory damages: \$1,250,000.00

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

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Individual ██████████ - SANDS, MARTIN SCOTT  
Regulator Archive and Z Records

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SRO Arbitration/Reparation DRP      DRP Version 10/2005

9. Currently pending resolution: No  
Resolution: Settled  
Date resolved: 03/31/2005

10. Disposition details: ON OR ABOUT JANUARY 31, 2005, CLAIMANTS AND RESPONDENT SETTLED THEIR CLAIMS.

Occurrence# ██████████      Disclosure Type Customer Complaint  
FINRA Public Disclosable No      Reportable No  
Material Difference in Disclosure No

Filing ID ██████████      Form (Form Version) U4 (10/2005)  
Filing Date 12/20/2005  
Source ██████████ - LAIDLAW & COMPANY (UK) LTD.

~~Disclosure Questions Answered 14(3)(a)~~

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Customer Complaint DRP      DRP Version 10/2005

1. Customer name(s): MICHAEL KAGAN AND IRIS KAGAN V. SANDS BROTHERS & CO., LTD, MARTIN S. SANDS ET AL.

2. Customer(s) state of residence: California

Other state(s) of residence/Detail: ISRAEL PRIMARY ADDRESS

3. Employing firm: SANDS BROTHERS & CO.

4. Allegation(s): FAILURE TO PROPERLY TRAIN AND SUPERVISE

5. Principal product type: Other

Other product types: COMMON STOCKS, TECHNOLOGY FUND

~~6. Alleged compensatory damages: \$2,000,000.00~~

7. Date complaint received/Explanation:

8. Currently pending:

9. Status: Arbitration/Reparation

~~10. Status date/Explanation: 07/11/2002~~

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with Docket/Case#: NASD ██████████

14. Date notice served/ Explanation: 07/11/2002

15. Arbitration/Reparation pending: No

16. Disposition: Dismissed

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CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP      DRP Version 10/2005

- 17. Disposition date/Explanation: 08/19/2005
- 18. Compensation amount: \$0.00
- 19. Individual contribution amount: \$0.00
  
- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:
- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:

27. Appeal date/Explanation:

28. Comment: CLAIMANTS IN THIS CASE DISMISSED ALL CLAIMS AGAINST MR. MARTIN S. SANDS IN THEIR ENTIRETY. THIS MATTER SHOULD BE REMOVED FROM MR. SANDS' CRD RECORD AND ARCHIVED AND MARKED AS STATUS Z.

Filing ID ██████████      Form (Form Version) U6 (06/2003)  
Filing Date 12/17/2005  
Source FINRA  
Disclosure Questions Answered

SRO Arbitration/Reparation DRP      DRP Version 10/2005

- 1. Case name: MICHAEL KAGAN AND IRIS KAGAN V. SANDS BROTHERS & CO., LTD., V. MARTIN S. SANDS ET AL.
- 2. Arbitration/Reparation filed with: NASD
- 3. Date case initiated: 07/11/2002
- 4. Case number: ██████████
- 5. Employing firm: SANDS BROTHERS & CO., LTD.
- 6. Allegation(s): FAILURE TO PROPERLY TRAIN AND SUPERVISE
- 7. Principal product type: Other  
Other product types: COMMON STOCK, TECHNOLOGY FUND
- 8. Alleged compensatory damages: \$2,000,000.00
- 9. Currently pending resolution: No  
Resolution: Dismissed  
Date resolved: 08/19/2005

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

SRO Arbitration/Reparation DRP

DRP Version 10/2005

10. Disposition details: CLAIMANTS CLAIMS AGAINST RESPONDENT ARE DISMISSED IN THEIR ENTIRETY.

Occurrence# 1301339 Disclosure Type Customer Complaint
FINRA Public Disclosable No Reportable No
Material Difference in Disclosure No

Filing ID ██████████ Form (Form Version) U4 (10/2005)
Filing Date ██████████
Source ██████████ - LAIDLAW & COMPANY (UK) LTD.
Disclosure Questions Answered 14I(1)(a)

Customer Complaint DRP

DRP Version 10/2005

1. Customer name(s): DON HUTCHERSON

2. Customer(s) state of residence: Texas

Other state(s) of residence/Detail:

3. Employing firm: SANDS BROTHERS & CO., INC

4. Allegation(s): CLIENT ALLEGES FRAUD. BREACH OF FIDUCIARY DUTY, , UNSUITABILITY, EXCESSIVE TRADING OR CHURNING, NEGLIGENCE AND NEGLIGENT SUPERVISION

5. Principal product type: Other

Other product types: PRIVATE PLACEMENTS

6. Alleged compensatory damages: \$1,000,000.00

7. Date complaint received/Explanation:

8. Currently pending:

9. Status: Arbitration/Reparation

10. Status date/Explanation:

11. Settlement amount:

12. Individual contribution amount:

13. Arbitration/Reparation claim filed with, Docket/Case#: NASD CASE #05-06675

14. Date notice served/ Explanation: 03/08/2006

15. Arbitration/Reparation pending: No

16. Disposition: Dismissed

17. Disposition date/Explanation: 01/15/2008

18. Compensation amount: \$300,000.00

Individual ██████████ - SANDS, MARTIN SCOTT

Regulator Archive and Z Records

Customer Complaint DRP DRP Version 10/2005

- 19. Individual contribution amount: \$0.00
- 20. Court, Docket/Case#:
- 21. Date/Explanation:
- 22. Litigation pending:
- 23. Disposition:
- 24. Date/Explanation:
- 25. Compensation amount:
- 26. Individual contribution amount:
- 27. Appeal date/Explanation:
- 28. Comment:

CLAIMANT DISMISSED MARTIN SANDS, CURRENTLY MARTIN SANDS HAS FILED PAPERS FOR EXPUNGEMENT OF THIS MATTER FROM HIS RECORD

Occurrence#	1456190	Disclosure Type	Investigation
FINRA Public Disclosable	No	Reportable	No
Material Difference in Disclosure	No		

Filing ID	██████████	Form (Form Version)	U4 (05/2009)
Filing Date	12/03/2010		
Source	██████████ - LANE CAPITAL MARKETS LLC		
Disclosure Questions Answered	14G(2)		

Investigation DRP DRP Version 05/2009

- 1. Investigation initiated by:
  - A. Notice received from: SEC
  - B. Full name of regulator: UNITED STATES SECURITIES AND EXCHANGE COMMISSION
- 2. Notice date/Explanation: 04/13/2009
- 3. Nature of investigation: THE COMMISSION HAS REQUESTED ADDITIONAL DOCUMENTS IN ORDER TO COMPLETE AN EARLIER REQUEST FOR BOOKS AND RECORDS. WE HAVE REQUESTED AND RECEIVED AN EXTENSION OF TIME TO REPLY UNTIL MAY 15, 2009.
- 4. Pending investigation: No
- 5. Resolution details:
  - A. Date resolved/Explanation: 10/22/2010
  - B. Investigation resolution: Other: \$60,000. FINE, CEASE AND DESIST, CENSURE
- 6. Comment:

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.





UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:

Attached is a copy of an amendment to Form ADV, application for registration as an investment adviser, received in this Commission on March 19, 2012, under the name of Sands Brothers Management LLC, File No. [REDACTED] pursuant to the provisions of the Investment Advisers Act of 1940.

on file in this Commission

10/06/2014

Date

CHRISTOPHER PERRY

Digitally signed by CHRISTOPHER PERRY  
DN: c=US, o=U.S. Government, ou=Securities and Exchange Commission,  
[REDACTED]  
o.9.2342.1B200300.100.1.1=500C1001797099  
Date: 2014.10.06 16:34:19 -0400

Christopher D. Perry, Management and Program Analyst

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

*Brent J. Field*

Secretary

# FORM ADV

## UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION AND REPORT BY EXEMPT REPORTING ADVISERS

Primary Business Name: SANDS BROTHERS ASSET MANAGEMENT  
LLC

CRD Number: 110076

Annual Amendment - All Sections

Rev. 11/ 2011

3/ 19/ 2012 3:37:24 PM

**WARNING:** Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 4.

### Item 1 Identifying Information

Responses to this Item tell us who you are, where you are doing business, and how we can contact you.

A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):  
**SANDS BROTHERS ASSET MANAGEMENT LLC**

B. Name under which you primarily conduct your advisory business, if different from Item 1.A.:  
**SANDS BROTHERS ASSET MANAGEMENT LLC**

*List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.*

C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.), enter the new name and specify whether the name change is of  
 your legal name or  your primary business name:

D. (1) If you are registered with the SEC as an investment adviser, your SEC file number: [REDACTED]  
(2) If you report to the SEC as an *exempt reporting adviser*, your SEC file number:

E. If you have a number ("CRD Number") assigned by the FINRA's CRD system or by the IARD system, your CRD number: [REDACTED]

*If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.*

### F. Principal Office and Place of Business

(1) Address (do not use a P.O. Box):

Number and Street 1:

Number and Street 2:

[REDACTED] E

[REDACTED]

City: State:

Country:

ZIP+4/Postal Code:

NEW YORK

New York

UNITED STATES

10022

If this address is a private residence, check this box:

List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for SEC registration, if you are registered only with the SEC, or if you are reporting to the SEC as an exempt reporting adviser, list the largest five offices in terms of numbers of employees.

(2) Days of week that you normally conduct business at your principal office and place of business:

Monday - Friday  Other:

Normal business hours at this location:

9 AM TO 5 PM

(3) Telephone number at this location:

[REDACTED]

(4) Facsimile number at this location:

[REDACTED]

G. Mailing address, if different from your principal office and place of business address:

Number and Street 1:

Number and Street 2:

[REDACTED]

City:  
GREENWICH

State:  
Connecticut

Country:  
UNITED STATES

ZIP+4/Postal Code:  
[REDACTED]

If this address is a private residence, check this box:

H. If you are a sole proprietor, state your full residence address, if different from your principal office and place of business address in Item 1.F.:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

Yes No

I. Do you have one or more websites?

If "yes," list all website addresses on Section 1.I. of Schedule D. If a website address serves as a portal through which to access other information you have published on the web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail (e-mail) addresses in response to this Item.

J. Provide the name and contact information of your Chief Compliance Officer: If you are an exempt reporting adviser, you must provide the contact information for your Chief Compliance Officer, if you have one. If not, you must complete Item 1.K. below.

Name:

Other titles, if any:

CHRISTOPHER KELLY

CCO

Telephone number:

Facsimile number:

[REDACTED]

[REDACTED]

Number and Street 1:

Number and Street 2:

[REDACTED]

City: [REDACTED] State: Connecticut Country: UNITED STATES ZIP+4/Postal Code: [REDACTED]

Electronic mail (e-mail) address, if Chief Compliance Officer has one:  
[REDACTED]

- K. **Additional Regulatory Contact Person:** If a person other than the Chief Compliance Officer is authorized to receive information and respond to questions about this Form ADV, you may provide that information here.

Name: \_\_\_\_\_ Titles: \_\_\_\_\_  
 Telephone number: \_\_\_\_\_ Facsimile number: \_\_\_\_\_  
 Number and Street 1: \_\_\_\_\_ Number and Street 2: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Country: \_\_\_\_\_ ZIP+4/Postal Code: \_\_\_\_\_

Electronic mail (e-mail) address, if contact person has one: \_\_\_\_\_

- L. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*? Yes No

*If "yes," complete Section 1.L. of Schedule D.*

- M. Are you registered with a *foreign financial regulatory authority*? Yes No

*Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes," complete Section 1.M. of Schedule D.*

- N. Are you a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934? Yes No

*If "yes," provide your CIK number (Central Index Key number that the SEC assigns to each public reporting company):*

- O. Did you have \$1 billion or more in assets on the last day of your most recent fiscal year? Yes No

- P. Provide your *Legal Entity Identifier* if you have one:

*A legal entity identifier is a unique number that companies use to identify each other in the financial marketplace. In the first half of 2011, the legal entity identifier standard was still in development. You may not have a legal entity identifier.*

#### SECTION 1.B. Other Business Names

No Information Filed

**SECTION 1.F. Other Offices**

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Section 1.F. for each location. If you are applying for SEC registration, if you are registered only with the SEC, or if you are an *exempt reporting adviser*, list only the largest five offices (in terms of numbers of employees).

Number and Street 1:

██████████

Number and Street 2:

██████████

City:

██████████

State:

██████████

Country:

UNITED STATES

ZIP+4/Postal Code:

██████████

If this address is a private residence, check this box:

Telephone Number:

██████████

Facsimile Number:

██████████

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Section 1.F. for each location. If you are applying for SEC registration, if you are registered only with the SEC, or if you are an *exempt reporting adviser*, list only the largest five offices (in terms of numbers of employees).

Number and Street 1:

██████████

Number and Street 2:

██████████

City:

██████████

State:

Connecticut

Country:

UNITED STATES

ZIP+4/Postal Code:

██████████

If this address is a private residence, check this box:

Telephone Number:

██████████

Facsimile Number:

██████████

**SECTION 1.I. Website Addresses**

List your website addresses. You must complete a separate Schedule D Section 1.I. for each website address.

Website Address:

████████████████████

**Item 8 Participation or Interest in Client Transactions**

In this Item, we request information about your participation and interest in your *clients'* transactions. This information identifies additional areas in which conflicts of interest may occur between you and your *clients*.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*, including foreign affiliates.

**Proprietary Interest in Client Transactions**

- | A. Do you or any <i>related person</i> :   | Yes                              | No                               |
|--|----------------------------------|----------------------------------|
| (1) buy securities for yourself from advisory <i>clients</i> , or sell securities you own to advisory <i>clients</i> (principal transactions)?   | <input type="radio"/>            | <input checked="" type="radio"/> |
| (2) buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory <i>clients</i> ?   | <input checked="" type="radio"/> | <input type="radio"/>            |
| (3) recommend securities (or other investment products) to advisory <i>clients</i> in which you or any <i>related person</i> has some other proprietary (ownership) interest (other than those mentioned in Items 8.A.(1) or (2))? | <input checked="" type="radio"/> | <input type="radio"/>            |

**Sales Interest in Client Transactions**

- | B. Do you or any <i>related person</i> :   | Yes                              | No                               |
|--|----------------------------------|----------------------------------|
| (1) as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory <i>client</i> securities are sold to or bought from the brokerage customer (agency cross transactions)?        | <input checked="" type="radio"/> | <input type="radio"/>            |
| (2) recommend purchase of securities to advisory <i>clients</i> for which you or any <i>related person</i> serves as underwriter, general or managing partner, or purchaser representative?  | <input type="radio"/>            | <input checked="" type="radio"/> |
| (3) recommend purchase or sale of securities to advisory <i>clients</i> for which you or any <i>related person</i> has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)? | <input checked="" type="radio"/> | <input type="radio"/>            |

**Investment or Brokerage Discretion**

- | C. Do you or any <i>related person</i> have <i>discretionary authority</i> to determine the:  | Yes                              | No                               |
|---|----------------------------------|----------------------------------|
| (1) securities to be bought or sold for a <i>client's</i> account?  | <input checked="" type="radio"/> | <input type="radio"/>            |
| (2) amount of securities to be bought or sold for a <i>client's</i> account?  | <input checked="" type="radio"/> | <input type="radio"/>            |
| (3) broker or dealer to be used for a purchase or sale of securities for a <i>client's</i> account?   | <input checked="" type="radio"/> | <input type="radio"/>            |
| (4) commission rates to be paid to a broker or dealer for a <i>client's</i> securities transactions?  | <input checked="" type="radio"/> | <input type="radio"/>            |
| D. If you answer "yes" to C.(3) above, are any of the brokers or dealers <i>related persons</i> ?   | <input type="radio"/>            | <input checked="" type="radio"/> |
| E. Do you or any <i>related person</i> recommend brokers or dealers to <i>clients</i> ?   | <input checked="" type="radio"/> | <input type="radio"/>            |
| F. If you answer "yes" to E above, are any of the brokers or dealers <i>related persons</i> ?   | <input type="radio"/>            | <input checked="" type="radio"/> |
| G. (1) Do you or any <i>related person</i> receive research or other products or services other than execution from a broker-dealer or a third party ("soft dollar benefits") in connection with <i>client</i> securities transactions? | <input type="radio"/>            | <input checked="" type="radio"/> |
| (2) If "yes" to G.(1) above, are all the "soft dollar benefits" you or any <i>related persons</i> receive eligible "research or brokerage services" under section 28(e) of the Securities Exchange Act of 1934?                         | <input type="radio"/>            | <input type="radio"/>            |

- |    |                                  |                       |
|----|----------------------------------|-----------------------|
| H. | <input checked="" type="radio"/> | <input type="radio"/> |
|----|----------------------------------|-----------------------|

Do you or any *related person*, directly or indirectly, compensate any *person* for *client* referrals?

- I. Do you or any *related person*, directly or indirectly, receive compensation from any *person* for *client* referrals?

*In responding to Items 8.H and 8.I., consider all cash and non-cash compensation that you or a related person gave to (in answering Item 8.H) or received from (in answering Item 8.I) any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.*

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**Item 9 Custody**

In this Item, we ask you whether you or a *related person* has *custody of client* (other than *clients* that are investment companies registered under the Investment Company Act of 1940) assets and about your custodial practices.

- |    |     |  |                                  |                       |
|----|-----|--|----------------------------------|-----------------------|
| A. | (1) | Do you have <i>custody</i> of any advisory <i>clients</i> ': | <b>Yes</b>                       | <b>No</b>             |
|    | (a) | cash or bank accounts?                                       | <input checked="" type="radio"/> | <input type="radio"/> |
|    | (b) | securities?  | <input checked="" type="radio"/> | <input type="radio"/> |

*If you are registering or registered with the SEC, answer "No" to Item 9.A.(1)(a) and (b) if you have custody solely because (i) you deduct your advisory fees directly from your clients' accounts, or (ii) a related person has custody of client assets in connection with advisory services you provide to clients, but you have overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)-(2)(d)(5)) from the related person.*

- (2) If you checked "yes" to Item 9.A.(1)(a) or (b), what is the approximate amount of *client* funds and securities and total number of *clients* for which you have *custody*:

U.S. Dollar Amount	Total Number of <i>Clients</i>
(a) \$ 64,725,098	(b) 14

*If you are registering or registered with the SEC and you have custody solely because you deduct your advisory fees directly from your clients' accounts, do not include the amount of those assets and the number of those clients in your response to Item 9.A.(2). If your related person has custody of client assets in connection with advisory services you provide to clients, do not include the amount of those assets and number of those clients in your response to 9.A.(2). Instead, include that information in your response to Item 9.B.(2).*

- |    |     |  |                       |                                  |
|----|-----|--|-----------------------|----------------------------------|
| B. | (1) | In connection with advisory services you provide to <i>clients</i> , do any of your <i>related persons</i> have <i>custody</i> of any of your advisory <i>clients</i> ': | <b>Yes</b>            | <b>No</b>                        |
|    | (a) | cash or bank accounts?   | <input type="radio"/> | <input checked="" type="radio"/> |
|    | (b) | securities?  | <input type="radio"/> | <input checked="" type="radio"/> |

*You are required to answer this item regardless of how you answered Item 9.A.(1)(a) or (b).*

- (2) If you checked "yes" to Item 9.B.(1)(a) or (b), what is the approximate amount of *client* funds and securities and total number of *clients* for which your *related persons* have *custody*:

U.S. Dollar Amount	Total Number of <i>Clients</i>
(a) \$	(b)

- C. If you or your *related persons* have *custody* of *client* funds or securities in connection with advisory services you provide to *clients*, check all the following that apply:

- (1) A qualified custodian(s) sends account statements at least quarterly to the investors in the pooled investment vehicle(s) you manage.
- (2) An *independent public accountant* audits annually the pooled investment vehicle(s) that you manage and the audited financial statements are distributed to the investors in the pools.
- (3)



An independent public accountant conducts an annual surprise examination of client funds and securities.

- (4) An independent public accountant prepares an internal control report with respect to custodial services when you or your related persons are qualified custodians for client funds and securities.

If you checked Item 9.C.(2), C.(3) or C.(4), list in Section 9.C. of Schedule D the accountants that are engaged to perform the audit or examination or prepare an internal control report. (If you checked Item 9.C.(2), you do not have to list auditor information in Section 9.C. of Schedule D if you already provided this information with respect to the private funds you advise in Section 7.B.(1) of Schedule D).

- D. Do you or your related person(s) act as qualified custodians for your clients in connection with advisory services you provide to clients? Yes No
- (1) you act as a qualified custodian
- (2) your related person(s) act as qualified custodian(s)

If you checked "yes" to Item 9.D.(2), all related persons that act as qualified custodians (other than any mutual fund transfer agent pursuant to rule 206(4)-2(b)(1)) must be identified in Section 7.A. of Schedule D, regardless of whether you have determined the related person to be operationally independent under rule 206(4)-2 of the Advisers Act.

- E. If you are filing your annual updating amendment and you were subject to a surprise examination by an independent public accountant during your last fiscal year, provide the date (MM/YYYY) the examination commenced:

- F. If you or your related persons have custody of client funds or securities, how many persons, including, but not limited to, you and your related persons, act as qualified custodians for your clients in connection with advisory services you provide to clients?
- 3

**SECTION 9.C. Independent Public Accountant**

You must complete the following information for each independent public accountant engaged to perform a surprise examination, perform an audit of a pooled investment vehicle that you manage, or prepare an internal control report. You must complete a separate Schedule D Section 9.C. for each independent public accountant.

- (1) Name of the independent public accountant:

CORNICK GARBER SANDLER

- (2) The location of the independent public accountant's office responsible for the services provided:

Number and Street 1:

Number and Street 2:

■ ■■■■■■■■

City:

State:

Country:

ZIP+4/Postal Code:

NEW YORK

New York

UNITED STATES

10022

Yes No

- (3) Is the *independent public accountant* registered with the Public Company Accounting Oversight Board?
- (4) If yes to (3) above, is the *independent public accountant* subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?
- (5) The *independent public accountant* is engaged to:
- A.  audit a pooled investment vehicle
  - B.  perform a surprise examination of *clients'* assets
  - C.  prepare an internal control report
- (6) Does any report prepared by the *independent public accountant* that audited the pooled investment vehicle or that examined internal controls contain an unqualified opinion?
- Yes
- No
- Report Not Yet Received
- If you check "Report Not Yet Received", you must promptly file an amendment to your Form ADV to update your response when the accountant's report is available.*

(1) Name of the *independent public accountant* :  
LILLING AND COMPANY

(2) The location of the *independent public accountant's* office responsible for the services provided:

Number and Street 1: [REDACTED] Number and Street 2:

City: [REDACTED] State: New York Country: UNITED STATES ZIP+4/Postal Code: [REDACTED]

- (3) Is the *independent public accountant* registered with the Public Company Accounting Oversight Board?   Yes No
- (4) If yes to (3) above, is the *independent public accountant* subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?
- (5) The *independent public accountant* is engaged to:
- A.  audit a pooled investment vehicle
  - B.  perform a surprise examination of *clients'* assets
  - C.  prepare an internal control report
- (6) Does any report prepared by the *independent public accountant* that audited the pooled investment vehicle or that examined internal controls contain an unqualified opinion?
- Yes
- No
- Report Not Yet Received
- If you check "Report Not Yet Received", you must promptly file an amendment to your Form ADV to update your response when the accountant's report is available.*

**Item 10 Control Persons**

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application or report, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application or report, you must complete Schedule C.

- |   |  |
|---|--|
|   | Yes No   |
| A. Does any <i>person</i> not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, <i>control</i> your management or policies? | <input type="radio"/> <input checked="" type="radio"/> |

*If yes, complete Section 10.A. of Schedule D.*

- B. If any *person* named in Schedules A, B, or C or in Section 10 A. of Schedule D is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934, please complete Section 10.B. of Schedule D.

**SECTION 10.A. Control Persons**

No Information Filed

**SECTION 10.B. Control Person Public Reporting Companies**

No Information Filed

**Schedule A**

**Direct Owners and Executive Officers**

1. Complete Schedule A only if you are submitting an initial application or report. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.

2. Direct Owners and Executive Officers. List below the names of:

(a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer(Chief Compliance Officer is required if you are registered or applying for registration and cannot be more than one individual), director, and any other individuals with similar status or functions;

(b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);

Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

(c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;

(d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and

(e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.

3. Do you have any indirect owners to be reported on Schedule B?  Yes  No

4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.

5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

6. Ownership codes      NA - less than 5%      B - 10% but less than 25%      D - 50% but less than 75%  
are:  
   A - 5% but less than 10%      C - 25% but less than 50%      E - 75% or more

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*. **B**

(b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/ FE/ I	Status	Date Status Acquired MM/ YYYY	Ownership Code	Control Person	PR	CRD No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.

SANDS, MARTIN, SCOTT	I	CO-CHAIRMAN OF MANAGER	07/2004	NA	Y	N	[REDACTED]
SANDS, STEVEN, BRETT	I	CO-CHAIRMAN OF MANAGER	07/2004	NA	Y	N	[REDACTED]
SANDS BROTHERS ASSET MANAGEMENT, LTD.	DE	MANAGER	01/2004	NA	Y	N	[REDACTED]
JULIOS TRUST	DE	MEMBER	06/1998	D	Y	N	[REDACTED]
TARGHEE TRUST	DE	MEMBER	06/1998	D	Y	N	[REDACTED]
KELLY, CHRISTOPHER, RAYMOND	I	CHIEF COMPLIANCE OFFICER	04/2008	NA	Y	N	[REDACTED]

**Schedule B**

**Indirect Owners**

1. Complete Schedule B only if you are submitting an initial application. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.

2. Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:

(a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

(b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;

(c) in the case of an owner that is a trust, the trust and each trustee; and

~~(d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.~~

3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.

4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.

5. Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

6. Ownership codes are:  
 C - 25% but less than 50%  
 D - 50% but less than 75%  
 E - 75% or more  
 F - Other (general partner, trustee, or elected manager)

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, ~~most executive officers and all 25% owners, general partners, elected managers, and trustees are control persons.~~

(b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/ FE/ I	Entity in Which Interest is Owned	Status	Date Status Acquired MM/ YYYY	Ownership Code	Control Person	PR	CRD No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.

HENDERSON, DEIRDRE	I	JULIOS TRUST	TRUSTEE	09/2003	F	Y	N	██████
HENDERSON, DEIRDRE	I	TARGHEE TRUST	TRUSTEE	09/2003	F	Y	N	██████
KELLY, CHRISTOPHER, RAYMOND	I	INDIVIDUAL	CHIEF COMPLIANCE OFFICER AND CHIEF OPERATIONS OFFICER	04/2008	F	Y	N	██████

**Execution Pages****DOMESTIC INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial submission of Form ADV to the SEC and all amendments.

**Appointment of Agent for Service of Process**

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

**Signature**

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:  
CHRISTOPHER KELLY

Date: MM/DD/YYYY

██████████  
██████████

Printed Name:  
CHRISTOPHER KELLY

Title:  
COO  
COO

Adviser CRD Number:  
██████████

**NON-RESIDENT INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial submission of Form ADV to the SEC and all amendments.



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of: )

) File No. NY-08127  
SBAM VENTURE )  
CAPITAL FUNDS )

WITNESS: CHRISTOPHER KELLY

PAGES: 1-59

PLACE: Securities and Exchange Commission  
Three World Financial Center - Suite 4300  
New York, New York 10281

DATE: April 22, 2013

The above-entitled matter came on for  
hearing at 10:09 o'clock a.m.

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PROCEEDINGS

MR. EDWARDS: We are on the record at 10:09 a.m., Monday, April 22nd.

Mr. Kelly, could you please raise your right hand. I am going to swear you in:

Do you swear to tell the truth, the whole truth and nothing but the truth?

THE WITNESS: I do.

Whereupon,

CHRISTOPHER KELLY,

appeared as a witness herein and, having been first duly sworn, was examined and testified as follows:

EXAMINATION BY

MR. EDWARDS:

Q. Before moving into the substance of today's session, I'd like to briefly go over a few ground rules.

The first, as you could see, we have a court reporter with us today. It's important that you vocalize your responses. She can't capture head nods, head shakes. Please vocalize your responses to the questions I ask.

Second, we should try to avoid cross talk. By that, I mean I will wait until you finish answering your question, the question I pose, before posing a new question. And, likewise, I would ask that you wait until I finish asking my question before you begin your answer.

APPEARANCES:

On behalf of the Securities and Exchange Commission:

WILLIAM EDWARDS, ESQ.  
WENDY B. TEPPERMAN, ESQ.  
Enforcement Division  
Securities and Exchange Commission  
3 World Financial Center - Suite 4300  
New York, New York 10281

On behalf of the Witness:

GUSRUE KAPLAN & NUSBAUM PLLC  
120 Wall Street  
New York, New York 10005  
BY: MARTIN H. KAPLAN, ESQ.  
ROBYN PASTER, ESQ.

Third, I will do whatever I can to ask clear questions, but if for whatever reason you don't understand what I am asking, just let me know, I will either repeat the question or rephrase it, if possible.

Finally, and most importantly, it's critical that you tell the truth. I'm sure your attorney, Mr. Kaplan, has told you that it is a criminal offense to give false testimony to Federal officers, which Wendy and I are for purposes of today's proceeding.

False testimony typically comes in one of three varieties. First, an affirmative misrepresentation, that is, answering yes, for instance, when the truthful no. False testimony can also be an intentional of a material fact from your answer. If I were you who attended meeting X, you say person A and

was there, that can qualify as false testimony. And, finally, answering "I don't remember" or "I don't recall," when in fact you do remember or do recall could qualify as false testimony.

With that, do you have any questions before I move to the substance of today's proceeding?

A. No questions. I'll just let you guys know I had knee surgery recently so if I am trying to stay comfortable, that's all I'm doing.

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1 Q. If at any point you need a break to stretch  
 2 your limbs, just let me know and I will take a break.  
 3 A. Okay.  
 4 Q. Mr. Kelly, could you please state and spell  
 5 your full name for the record.  
 6 A. Christopher Kelly, C-H-R-I-S-T-O-P-H-E-R  
 7 K-E-L-L-Y.  
 8 Q. Do you have a middle initial?  
 9 A. R, as in Robert. The initial R.  
 10 Q. And your middle name is?  
 11 A. Raymond, R-A-Y-M-O-N-D.  
 12 Q. My name is William Edwards. I am an attorney  
 13 with the Enforcement Division OF the U.S. Securities and  
 14 Exchange Commission. I am an officer for the purposes of  
 15 today's proceeding.  
 16 With me is Wendy Tepperman who is also a n  
 17 attorney with the Enforcement Division of the U.S.  
 18 Securities and Exchange Commission, and she, too, is an  
 19 officer of the Commission for the purposes of this  
 20 proceeding.  
 21 This is an investigation by the Securities  
 22 and Exchange Commission captioned "Sands Brothers Asset  
 23 Management Venture Capital Funds," NY-08127. The purpose  
 24 of the investigation is to determine whether there have  
 25 been violations of certain provisions of the Federal

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1 Securities Laws. However, the facts developed in this  
 2 investigation might constitute violations of other federal  
 3 or state, civil or criminal laws.  
 4 Mr. Kelly, prior to opening the record today  
 5 I showed you a copy the Formal Order of Investigation,  
 6 correct?  
 7 A. Yes.  
 8 Q. Do you have any questions about this  
 9 document?  
 10 A. No.  
 11 Q. Also, before opening the record this morning,  
 12 I showed you a copy of a document that was previously  
 13 marked as Exhibit 1, which is SEC Form 1662. Mr. Kelly,  
 14 do you have any questions about this document?  
 15 A. No.  
 16 Q. Great.  
 17 Mr. Kelly, are you represented by counsel  
 18 here today?  
 19 A. Yes.  
 20 MR. EDWARDS: Would counsel please identify  
 21 themselves?  
 22 MR. KAPLAN: Certainly. Martin H. Kaplan,  
 23 Gusrae Kaplan & Nusbaum PLLC, 120 Wall Street, New York,  
 24 New York 10005.  
 25 To my left is my associate, Robyn Paster.

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1 Q. Mr. Kelly, what is your date of birth?  
 2 A. 10/27/57.  
 3 Q. And do you have a personal e-mail address?  
 4 A. Yes.  
 5 Q. And what is that e-mail address?  
 6 A. [REDACTED]  
 7 Q. Do you have a professional e-mail address?  
 8 A. Yes.  
 9 Q. And what is that address?  
 10 A. [REDACTED]  
 11 Q. Mr. Kelly, would you briefly describe your  
 12 post high school educational history?  
 13 A. I sometimes use another e-mail address.  
 14 Q. Please.  
 15 A. [REDACTED]  
 16 Q. Again, could you please describe your post  
 17 high school educational history?  
 18 A. College and law school.  
 19 Q. And where did you attend college?  
 20 A. The University of Virginia.  
 21 Q. And law school?  
 22 A. The University of Virginia School of Law.  
 23 Q. Have you ever held any securities licenses?  
 24 A. A 7.  
 25 Q. A Series 7

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1 A. Yes.  
 2 Q. And any others?  
 3 A. No.  
 4 Q. Are you a CPA?  
 5 A. No.  
 6 Q. And, Mr. Kelly, where are you currently  
 7 employed?  
 8 A. Sands Brothers Asset Management.  
 9 Q. How long have you been at SBAM?  
 10 A. Approximately five years.  
 11 Q. So that would mean that you started working  
 12 at SBAM in 2008?  
 13 A. Yes.  
 14 Q. Do you remember the month by chance?  
 15 A. April.  
 16 Q. Of 2008.  
 17 And if you could, just take me through the  
 18 different jobs you've had at SBAM since you started in  
 19 April of 2008.  
 20 A. Chief Operating Officer and Chief Compliance  
 21 Officer.  
 22 Q. And have you had those two titles since you  
 23 began working at Sands Brothers in April of 2008?  
 24 A. Yes.  
 25 Q. Do you currently have those two titles?

1 A. Yes.  
 2 Q. And if you could, what are your  
 3 responsibilities as Chief Compliance Officer?  
 4 A. To manage the compliance programs of the  
 5 firm.  
 6 Q. The firm in this instance is Sands Brothers  
 7 Asset Management, LLC?  
 8 A. Yes.  
 9 Q. Do you have any direct reports in your  
 10 capacity as Chief Compliance Officer?  
 11 MR. KAPLAN: Objection to form. Do you mean  
 12 people reporting to him?  
 13 MR. EDWARDS: Yes.  
 14 MR. KAPLAN: Go ahead, please.  
 15 A. As Chief Compliance Officer?  
 16 Q. Correct.  
 17 A. I receive assistance from an executive  
 18 assistant by the name of Eva Shafer, S-H-A-F-E-R.  
 19 Q. Anyone else?  
 20 A. No.  
 21 Q. And to whom do you report in your capacity as  
 22 Chief Compliance Officer?  
 23 A. Well, I work for Marty Sands and Steven  
 24 Sands.  
 25 Q. Anyone else?

1 advises 14 funds. Has that number changed at all since  
 2 you began working at Sands Brothers in April of 2008?  
 3 MR. KAPLAN: So it's clear, he is asking you  
 4 not only did it go up but did it go down if there were  
 5 less.  
 6 MR. EDWARDS: Correct.  
 7 A. It has changed, yes.  
 8 Q. And to your counsel's point, has that number  
 9 increased or has it decreased?  
 10 A. Genesis Merchant Partners Roman Numeral II,  
 11 LP was launched after I became employed. Vantage Point  
 12 Partners, LP was launched after I became employed. I  
 13 don't recall any funds being terminated while I was  
 14 employed.  
 15 Q. Are any funds, as you sit here today, in the  
 16 process of being wound down?  
 17 A. Yes.  
 18 Q. And funds those?  
 19 A. The Venture Funds and the Select Funds. To  
 20 be more specific, four Venture Funds and three Select  
 21 Funds.  
 22 Q. And there are four Venture Funds in total;  
 23 correct?  
 24 A. We sometimes group 7 funds into what we  
 25 generically call Venture Funds.

1 A. No.  
 2 Q. And what are your responsibilities as Chief  
 3 Operating Officer?  
 4 A. I help manage the operations of the firm.  
 5 Q. And, again, the firm in this instance is  
 6 Sands Brothers Asset Management, LLC?  
 7 A. Yes.  
 8 Q. And to whom do you report in your capacity as  
 9 Chief Operating Officer?  
 10 A. Marty Sands and Steven Sands.  
 11 Q. Again, does anyone report directly to you in  
 12 your capacity as Chief Operating Officer?  
 13 A. I don't think so.  
 14 Q. Sands Brothers Asset Management, LLC provides  
 15 investment advice to a variety of funds; correct?  
 16 A. Yes.  
 17 Q. Approximately how many funds does SBAM  
 18 currently advise?  
 19 A. Fourteen.  
 20 Q. Is it fair to say that these 14 funds can be  
 21 grouped into the following four fund groupings, and I am  
 22 going to read them out: Select Access Funds, Genesis  
 23 Funds, Venture Funds and Vantage Point Funds?  
 24 A. Yes.  
 25 Q. And you just stated that SBAM currently

1 Q. And what are those 7 funds?  
 2 A. Sands Brothers Venture Capital, LLC; Sands  
 3 Brothers Venture Capital Roman Numeral II, LLC; Sands  
 4 Brothers Venture Capital Roman Numeral 3 LLC. Sands  
 5 brother venture capital Roman Numeral IV, LLC, Grand  
 6 Partners, 280 Venture and Katy and Adam.  
 7 Q. And of the 7 funds that you just listed,  
 8 again, which ones are being unwound?  
 9 A. Sands Brothers Venture Capital, Sands  
 10 Brothers Venture Capital II, Sands Brothers Venture  
 11 Capital III and Sands Brothers Venture Capital IV.  
 12 Q. Do you recall when Sands Brothers Venture  
 13 Capital, when the process of unwinding it commenced?  
 14 A. I believe it was at the beginning of 2011,  
 15 but I might have to confirm that.  
 16 Q. Okay. And the same question for Venture  
 17 Capital II, do you recall when the process of unwinding  
 18 that fund commenced?  
 19 A. Same answer -- well, no, that's not true.  
 20 Excuse me. I would have to check. I think -- I would  
 21 have to check, but I think Sands Brothers I, II and IV  
 22 were 2012, and I think Sands Brothers Venture Capital II  
 23 was earlier.  
 24 Q. So just so I have that clear, you believe  
 25 that Venture Capital I, III and IV, the unwinding process

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1 commenced in 2012 and not 2011?  
 2 A. I, II and IV.  
 3 Q. Got it. Okay.  
 4 A. And I believe Venture Capital III was  
 5 earlier.  
 6 Q. And is there --  
 7 A. But I would need to check.  
 8 Q. Okay. And when do you anticipate these  
 9 funds, these four funds, when the unwinding process will  
 10 be complete?  
 11 A. I don't know.  
 12 Q. Approximately how many investors are in  
 13 Venture Capital, LLC currently?  
 14 A. I don't know.  
 15 Q. Do you know how many investors are currently  
 16 in Venture Capital II?  
 17 A. I do not.  
 18 Q. How about Venture Capital III?  
 19 A. My guess is 140, but I would have to check.  
 20 Q. And how about Venture Capital IV?  
 21 A. I don't know.  
 22 Q. Are any of these funds -- by "these funds" I  
 23 mean Venture Capital, Venture Capital II, Venture Capital  
 24 III and Venture Capital IV -- are they currently accepting  
 25 any new investors?

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1 A. No.  
 2 MR. EDWARDS: I think we are at 19.  
 3 (Order, dated 10/22/10, marked Exhibit 19 for  
 4 identification.)  
 5 Q. Mr. Kelly, I'd like to show you what's just  
 6 been marked Exhibit 19, which is an Order, dated  
 7 October 22, 2010. Do you recognize this document,  
 8 Mr. Kelly?  
 9 A. I think so.  
 10 Q. And what is this document?  
 11 A. It's an SEC Order regarding cease and desist  
 12 proceedings that made findings and imposed sanctions in  
 13 the cease and desist Order.  
 14 Q. Prior to today, had you ever seen this  
 15 document before?  
 16 A. I believe I had, yes.  
 17 Q. Do you believe that Sands Brothers Asset  
 18 Management has been complying with the terms of this  
 19 order?  
 20 A. What are the terms? What terms are you  
 21 speaking of?  
 22 Q. If you turn to page 6 of the Order, you see a  
 23 recitation of certain undertakings and these are the terms  
 24 to which I refer.  
 25 MR. KAPLAN: Are you referring to under Roman

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1 Numeral IV?  
 2 MR. EDWARDS: Yes.  
 3 MR. KAPLAN: Capital A?  
 4 MR. EDWARDS: Yes.  
 5 MR. KAPLAN: He is referring to this  
 6 (pointing).  
 7 A. To my knowledge, they are.  
 8 Q. In the wake of this Order, how, if at all,  
 9 did Sands Brothers Asset Management's compliance program  
 10 its compliance protocols change?  
 11 A. I don't remember any particular changes  
 12 relating to this Order, but I could certainly -- I could  
 13 check, but I don't recall any particular changes.  
 14 Q. Okay. You can put that document aside.  
 15 Changing gears a bit, Mr. Kelly, do you have  
 16 any involvement in the preparation of the annual financial  
 17 statements of the funds managed by Sands Brothers Asset  
 18 Management?  
 19 A. I have some involvement. I'm aware of the  
 20 process. I remind people of deadlines, for example, and  
 21 I'm aware of the process that involves the portfolio  
 22 manager, the administrators, the auditor.  
 23 Q. So beyond reminding people of deadlines, can  
 24 you give any other specific acts that you do in connection  
 25 with the preparation of the annual financial statements of

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1 the funds managed by SBAM?  
 2 A. On occasion, I look over draft valuations. I  
 3 answer questions about the status of investments.  
 4 Q. Who would pose these questions?  
 5 A. The portfolio manager may pose them. The  
 6 auditors may pose them. So I do address questions that  
 7 come from the other parties involved in the process. I've  
 8 reached out to appraisers who appraise underlying or  
 9 relevant real estate investments, for example. So to the  
 10 extent that I have knowledge of fund underlying  
 11 investments, I impart that knowledge to various parties  
 12 involved in the valuation process as things come up.  
 13 Q. Okay.  
 14 BY MS. TEPPERMAN:  
 15 Q. Who is involved in preparing annual financial  
 16 statements for the SBAM managed funds?  
 17 A. The auditors, the administrators, the  
 18 personnel of Sands Brothers, the management of underlying  
 19 investments, which may include managers of funds which we  
 20 have invested in, attorneys who return confirmations,  
 21 appraisers indirectly, indirectly.  
 22 Q. Who are the -- I'm sorry, were you finished?  
 23 A. There may also be -- I mean, again,  
 24 indirectly, third-party brokers who value bonds. Again,  
 25 that's more indirectly. There may be other parties, but

1 those are certainly the major parties.  
 2 Q. Who are the individuals at Sands Brothers  
 3 Asset Management who participate in preparing annual  
 4 financial statements for its funds?  
 5 A. Gavin Watson, David Caroni.  
 6 MR. EDWARDS: How do you spell that last  
 7 name?  
 8 THE WITNESS: C-A-R-O-N-I.  
 9 A. David Caroni would also impart information  
 10 about underlying investments that he has to others who  
 11 request that information. Jeff Umansky, U-M-A-N-S-K-Y,  
 12 Marty Sands, Steven Sands, Gavin Watson -- did I say Gavin  
 13 Watson?  
 14 MR. KAPLAN: That's the first one that you  
 15 said.  
 16 A. They are the folks at Sands that would have  
 17 some direct or indirect involvement in the audited  
 18 financial statements.  
 19 MR. KAPLAN: Just so it's clear, when you say  
 20 "at Sands," you mean SBAM?  
 21 THE WITNESS: I am speaking of Sands Brothers  
 22 Asset Management.  
 23 MR. KAPLAN: Thank you.  
 24 BY MR. EDWARDS:  
 25 Q. And if you could, provide, if you can, more

1 Q. What's his title?  
 2 A. I believe executive assistant.  
 3 Marty Sands and Steven Sands have more big  
 4 picture roles to the extent that they have knowledge of  
 5 investments, underlying investments, they will impart that  
 6 to, again, the various people working on the audit.  
 7 Q. And that would include them having  
 8 conversations with auditors directly?  
 9 A. Sometimes they do, yes. Yes. They do talk  
 10 to the auditors on occasion.  
 11 Q. Did you review the unaudited statements  
 12 before they were formally audited by SBAM's auditors?  
 13 A. Well, if you mean monthly financial  
 14 statements, I -- if you're asking me, I don't tend to  
 15 review monthly financial statements, no. I'm aware of  
 16 their production.  
 17 Q. Do you know if Martin Sands and/or Steven  
 18 Sands reviewed monthly financials?  
 19 A. I don't think they review the actual monthly  
 20 financials, which are very detailed reports. To my  
 21 knowledge, they don't typically review monthly financial  
 22 statements.  
 23 Q. Who was involved in putting together monthly  
 24 financial statements for Sands Brothers Asset Management  
 25 and the funds it manages?

1 detail on what specifically Gavin Watson, David Caroni,  
 2 Jeff Umansky, Martin Sands and Steven Sands do to help  
 3 prepare the financial statements of the funds.  
 4 A. Gavin Watson is the portfolio manager of the  
 5 Genesis Funds and the Venture Funds. He tracks  
 6 investments. He is involved in the valuation of  
 7 investments, so he interfaces directly with the auditors  
 8 and sometimes the administrators in pulling together all  
 9 the information that you need to audit the Genesis Funds  
 10 and the Venture Funds.  
 11 David Caroni plays a more indirect role.  
 12 Again, if he has knowledge of particular investments that  
 13 might be relevant to the audit process, he may receive  
 14 questions about some investments. He is less directly  
 15 involved than somebody like Gavin Watson.  
 16 Q. And sorry to interrupt, but David Caroni,  
 17 does he have a title at Sands Brothers Asset Management?  
 18 A. He is an analyst.  
 19 Q. Go on.  
 20 A. Jeff Umansky, he appears to assist Gavin  
 21 Watson in the process, doing all those things that are  
 22 necessary to pull the information together to deliver to  
 23 the auditors, as requested. So he assists.  
 24 Q. Is he also an analyst?  
 25 A. He is not.

1 A. The administrators put together financial  
 2 statements for the funds. The Venture Funds, I believe,  
 3 are just quarterly, whereas Genesis, for example, is  
 4 monthly. So the administrators are very involved in  
 5 producing the actual financial statements.  
 6 Q. And who are the administrators currently?  
 7 A. There is -- it's called "Fund  
 8 Administration." And then we have Greenwich Fund  
 9 Services. So there are two administrators. One is more  
 10 on the bookkeeping end, which would be Greenwich Fund  
 11 Services. Fund Administration is more on the -- it's  
 12 closer to the accounting side, in terms of actually  
 13 producing or finalizing financial statements.  
 14 Q. Okay. Just going back a bit, in describing  
 15 the acts that you would do in connection with the  
 16 preparation of the annual financials, you said that one  
 17 thing you would do is remind people of deadlines. What  
 18 deadlines are you referring to?  
 19 A. My understanding is there is a deadline for  
 20 funds to mail out annual audited financial statements:  
 21 April 30th for non fund to funds and I believe June 30 for  
 22 fund to funds.  
 23 Q. And when you say you would \_\_\_\_\_ people, who  
 24 in particular are you referring to?  
 25 A. Well, everybody knows these deadlines, and to

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1 remind people is frankly redundant. I mentioned it within  
 2 a couple of weeks of arriving at Sands Brothers in 2008.  
 3 So everybody is always aware of the deadlines, so just in  
 4 terms of pushing people, yes, I remind people, but  
 5 everybody knows. They all know the deadlines.  
 6 Q. Are you aware of any instances in which a  
 7 fund's audited financials, audited annual financials were  
 8 not distributed by the deadlines that you just mentioned?  
 9 A. Yes.  
 10 Q. And when did this happen? Tell me what you  
 11 recall of the instances in which this happened.  
 12 A. I couldn't remember each instance, but I  
 13 believe it happened last year, which means with respect to  
 14 2011 audited financial statements.  
 15 Q. And do you recall why they were tardy in  
 16 being distributed?  
 17 A. Well, I wouldn't pretend to know all the  
 18 reasons, but I know that nobody at Sands wants to issue  
 19 financial statements that are not ready, that are not  
 20 complete, that are not accurate, and they cannot be  
 21 released unless the auditors permit it. So one reason was  
 22 the auditors wouldn't permit the financial statements to  
 23 be released until the auditors signed off. So to some  
 24 extent, we are at the mercy of the auditors.  
 25 Q. And here you're referring to the year end

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1 2011 financials?  
 2 A. I believe some of those were late, yes, so I  
 3 would be referring to those.  
 4 Q. Do you know why the auditors wouldn't permit  
 5 certain year end 2011 financials to be disseminated?  
 6 A. Well, the auditors don't sign off on audited  
 7 financial statements until they are ready. So just like  
 8 Sands would never permit audited financial statements to  
 9 go out that weren't ready, that weren't complete, that  
 10 weren't accurate.  
 11 The auditors, I can say with a high degree of  
 12 certainty, are also releasing audited financial statements  
 13 only when they are ready. So to the extent that there was  
 14 any day when they weren't ready, those financial  
 15 statements were not going to be released.  
 16 Q. Do you know why certain year end 2011 fund  
 17 annual financials were not ready by April 30th of 2012?  
 18 A. Well, there is a process, and the process was  
 19 not completed. There are various elements to the whole  
 20 process. I am not an accountant. But there are various  
 21 elements that go into producing accurate, complete,  
 22 audited financial statements, and that process was not  
 23 complete by April 30th.  
 24 Q. And I know you're not an accountant, but  
 25 could you, to the best of your ability, describe your

Page 23

1 understanding of the process by which financial  
 2 statements, annual financial statements for SBAM's funds  
 3 were audited?  
 4 A. Well, there are financial statements produced  
 5 throughout the year, and then when the auditors come in,  
 6 they have a very detailed process that involves questions  
 7 and inquiries into various aspects of the fund assets, and  
 8 those fund assets include assets of underlying companies,  
 9 securities of underlying companies.  
 10 In the Select case, it's interest in  
 11 underlying funds. And, unfortunately, you would have to  
 12 rely, to a great extent, on many third parties, and that's  
 13 true whether you're dealing with underlying companies the  
 14 funds have invested in or underlying funds that the Select  
 15 Funds have invested in.  
 16 So part of the process involves extracting  
 17 information from many third parties, and sometimes the  
 18 extraction of that information is a slow process. And in  
 19 many cases, it's out of control of Sands Brothers Asset  
 20 Management, despite significant efforts. A number of the  
 21 companies that some of the funds have invested in are  
 22 distressed. Books and records are not always readily  
 23 available.  
 24 Unfortunately, on the fund to funds side,  
 25 that's also true, that there are funds, despite being run

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1 by SEC-registered investment advisers, that has slow  
 2 reporting and it's sometimes very hard to get information  
 3 even from those SEC-registered investment advisers, just  
 4 as it can be hard to get information from underlying  
 5 company investments, in part, due to distressed  
 6 situations, in part, due to just dealing with third  
 7 parties who have other things to do.  
 8 But we -- I know that Sands Brothers Asset  
 9 Management makes an effort.  
 10 BY MS. TEPPERMAN:  
 11 Q. Do you recall any particular issues that  
 12 arose with respect to any of the fund audited annual  
 13 financial statements for 2011?  
 14 A. I know on the Select side, I believe there  
 15 are some funds which have been unwilling to provide, I  
 16 believe, K-1s. The K-1 gives you our value at the end of  
 17 the year. I believe there's a fund called Shelter Island  
 18 which has not given us K-1s. So, yes, there is an issue  
 19 of how do you value that position without a K-1.  
 20 There was an issue relating to the value of  
 21 equipment in one of the Genesis and Venture investments  
 22 and that equipment had to be appraised, and that process  
 23 took some time.  
 24 So there were various issues on the fund to  
 25 funds side and there were various issues on the non fund

1  
2 BY MR. EDWARDS:  
3  
4  
5 was  
6  
7

11 A. The  
12 BY MR. EDWARDS:

13 A.  
14  
15 A.  
16 products.

17 BY MS. TEPPERMAN:  
18 Q. And the issue with the valuation of  
19 equipment, what company --  
20 A. Trinity.  
21 BY MR. EDWARDS:  
22 Q. And, again, what kind of company is Trinity?  
23 A. It's a cable company, television, Internet,  
24 cable hookup company.  
25

1 I think they've increased their involvement over the 14  
2 funds.

3 Q. You just mentioned auditors have been  
4 switched a few times. As best you can, could you just  
5 tell me what you know about when those switches occurred  
6 and why they might have occurred?

7 A. I'm not going to remember exactly. It's  
8 obviously something we can check. But I believe there is  
9 a Schwartz firm that was involved, maybe in 2007, maybe  
10 2008. I don't remember exactly. But that firm was  
11 involved four, five years ago. I know cost has always  
12 been a factor, and that may have certainly been a factor.  
13 So as far as the auditor history, that's  
14 something that we could check and provide you with.  
15 Speaking about it off the top of my head is not ideal.

16 Q. Sure. So we just discussed the audit  
17 process. Now I want to focus on the distribution process.  
18 Once the financials are complete, I want to talk a bit  
19 about how they go from in the hands of SBAM to get in the  
20 hands of the investors in the funds or fund to funds.  
21 That is preamble.

22 As best you can, can you describe the typical  
23 process by which audited annual financials get from SBAM  
24 into the hands of investors?  
25

A. They are mailed as soon as possible. After

1 Q. Do you know if there were any issues with the  
2 year end 2010 financials that prevented them from being  
3 disseminated in a timely fashion?

4 A. I don't remember 2010 as I sit here, but I  
5 can definitely -- I can certainly check. I believe that  
6 information has been provided to you. There are 14 funds,  
7 so I can't remember exactly when mailings were made, but I  
8 believe you have that information.

9 Q. Sure. Who audited the year end 2011  
10 financials?

11 A. I know that the Cornick, Garber accounting  
12 firm was involved. I can't remember if there was another  
13 accounting firm for some of the audits, but definitely  
14 Cornick, Garber was involved.

15 Q. And since you've been at Sands Brothers Asset  
16 Management since April 2008, has Cornick always audited or  
17 been involved in the audit process, or are they sort of  
18 relatively new to this?

19 A. I don't remember exactly when they came into  
20 particular funds. They may have audited a portion of the  
21 funds initially and then ended up auditing more funds. I  
22 know we switched auditors a few times, so I don't remember  
23 exactly when they came into particular funds.

24 But I believe they have been involved for at  
25 least four years and maybe even five, to some extent. But

1 the auditors sign off, they are mailed.

2 Q. Who mails them?

3 A. I should check that, but the administrators  
4 are definitely involved in the mailing. There may be some  
5 variance among the 14 funds, but my understanding is that  
6 the administrators who have been involved in the audit  
7 process mail the audited financial statements as soon as  
8 possible after they are signed off.

9 Q. Are we talking about e-mail or snail mail, a  
10 combination of the two?

11 A. I think it's typically U.S. Postal Service  
12 mail.

13 Q. Okay.

14 A. But I could check if there is an e-mail  
15 component to that. But I believe they are put in  
16 envelopes and mailed U.S. Postal Service.

17 Q. Do you know if Sands Brothers Asset  
18 Management, LLC, itself, has ever mailed annual financials  
19 directly to investors without using administrators and  
20 intermediaries?

21 A. I'm not sure. It's certainly possible. But  
22 I would have to check if Sands Brothers did it directly.

23 But it's certainly possible in years past  
24 that that happened, but I couldn't tell you exactly when  
25 or which funds. But it is possible, yes.



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1 Q. So you think it's possible. I know anything  
 2 is possible, but you think it's possible that different  
 3 funds had their annual financials distributed by different  
 4 means? By that, I mean some funds may have had their fund  
 5 financials distributed by SBAM itself while others might  
 6 have had their fund financials distributed by an  
 7 administrator?  
 8 MR. KAPLAN: If you know, please tell him,  
 9 but don't guess. Don't say you could find out or it might  
 10 have happened. Either you know or you don't know.  
 11 Please go ahead and answer the question.  
 12 A. I believe it's possible that that's the case,  
 13 yes, but which funds for what years, I couldn't speak to  
 14 off the top of my head.  
 15 BY MS. TEPPERMAN:  
 16 Q. In the time that you've been at SBAM, do you  
 17 recall any instance where SBAM directly mailed or  
 18 distributed the financials to investors?  
 19 A. I just -- I'm just not sure, because I am not  
 20 involved directly in the mailing process.  
 21 Q. I am just asking about your recollection.  
 22 MR. KAPLAN: Do you have a specific  
 23 recollection? If you do, tell her. If you don't tell her  
 24 "I have no specific recollection."  
 25 A. I don't. I am just not sure. I would rather

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1 not guess.  
 2 MR. KAPLAN: Don't guess.  
 3 MR. EDWARDS: Mark this as 20.  
 4 (2009 Sands Brothers Venture Capital, LLC  
 5 financial statements marked Exhibit 20 for  
 6 identification.)  
 7 BY MR. EDWARDS:  
 8 Q. Mr. Kelly, I would like to show you what's  
 9 been marked as Exhibit 20, which are financial statements  
 10 for Sands Brothers Venture Capital, LLC. Do you recognize  
 11 this document?  
 12 A. It looks like the Sands Brothers Venture  
 13 Capital, LLC financial statements for 2009.  
 14 Q. Looking at -- if you look in the bottom right  
 15 corner, you will see a Bates stamp, it's the first page,  
 16 SBAM 0006400. Do you see that?  
 17 A. Yes.  
 18 Q. It's correct that Cornick, Garber & Sandler  
 19 audited these financials; right?  
 20 A. Yes.  
 21 Q. Do you know who was the lead partner, the  
 22 engagement partner for Cornick, Garber & Sandler for the  
 23 year end 2009 financials?  
 24 A. I don't. I know certain people at Cornick.  
 25 I don't know if they are the lead partner.

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1 Q. Who from Cornick was involved in the audit of  
 2 these financials?  
 3 A. I think Sal Vicari.  
 4 Q. How do you spell the last name?  
 5 A. V-I-C-A-R-I.  
 6 And possibly David LaRocca, L-a-R-O-C-C-A.  
 7 Q. And these are year end 2009 financials. Do  
 8 you know if Sal Vicari and David LaRocca were also  
 9 involved in the audit of SBAM fund financials for year end  
 10 2010, year end 2011 and year end 2012 financials?  
 11 A. I believe, yes.  
 12 Q. Besides Sal Vicari and David LaRocca, can you  
 13 think of any other Cornick, Garber professionals who were  
 14 involved in the audit of SBAM financials?  
 15 A. I believe there is a guy named Miles. I'm  
 16 not sure what his last name is, but we should check on  
 17 that.  
 18 Q. Do you know if these particular financials,  
 19 and by these financials, I mean Exhibit 20, do you know if  
 20 these financials were distributed to Venture Capital  
 21 investors before April 30, 2010, on or before April 30th  
 22 of 2010?  
 23 A. I'd have to confirm that. I see they are  
 24 dated April 28th, so it's certainly possible.  
 25 BY MS. TEPPERMAN:

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1 Q. How would you go about confirming that?  
 2 A. I would start with the administrators and ask  
 3 others to recall what happened here.  
 4 BY MR. EDWARDS:  
 5 Q. And who would these others be?  
 6 A. Possibly Scott Baily, B-A-I-L-Y.  
 7 Q. And who is Scott Baily?  
 8 A. He was portfolio manager for the Venture  
 9 Funds.  
 10 Q. You say was. Is he currently?  
 11 A. No.  
 12 Q. When did Sco Baily cease being portfolio  
 13 manager for the Venture Capital Funds?  
 14 A. I don't remember exactly. It was a couple --  
 15 a few years ago.  
 16 BY MS. TEPPERMAN:  
 17 Q. Is there any file kept of financials for the  
 18 funds at SBAM, that you are aware of?  
 19 MR. KAPLAN: Objection to form. Can you read  
 20 that back, please?  
 21 (Record read.)  
 22 MR. KAPLAN: Are you asking him are the  
 23 financials of each fund kept in records at SBAM; is that  
 24 what you are asking, just so it's clear?  
 25 MS. TEPPERMAN: Yes.

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1 MR. KAPLAN: Answer the question, please.  
 2 A. We have access to the financials at SBAM.  
 3 Q. Where do you have access to them?  
 4 A. Well, the auditor has them, and I believe our  
 5 administrators have them.  
 6 Q. At the offices of SBAM, do you have physical  
 7 access to the financials?  
 8 A. If we need historical financials, we can get  
 9 them.  
 10 BY MR. EDWARDS:  
 11 Q. But I guess the question is: Is there, for  
 12 instance, a file cabinet or some other physical location  
 13 on site at Sands Brothers Asset Management's offices that  
 14 you could go to and pull out a copy of historical  
 15 financials?  
 16 A. I'd have to check. I mean, we -- we know  
 17 that the auditors have them. We know administrators have  
 18 them. We work closely with both of those firms.  
 19 As for -- we live in electronic age. As for  
 20 electronic storage at SBAM, I could certainly check, but  
 21 we don't have any problem accessing historical financial  
 22 statements. If you look at our ADV, there are lots of  
 23 books and recordkeepers.  
 24 MR. EDWARDS: This is 21.  
 25 (2010 Sands Brothers Venture Capital, LLC

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1 financial statements marked Exhibit 21 for  
 2 (identification.)  
 3 Q. Mr. Kelly, I'm now handing you what's been  
 4 marked as Exhibit 21, which is a copy of Sands Brothers  
 5 Venture Capital financials for year end 2010. Mr. Kelly,  
 6 do you recognize this document?  
 7 A. It looks familiar.  
 8 Q. Again, turning to the first page of the  
 9 document, Bates stamped SBAM 0006416, you will note that  
 10 the audit report is dated June 9, 2011. Do you see a ?  
 11 A. Yes.  
 12 Q. Do you know why the audit report wasn't  
 13 completed by April 30, 2011?  
 14 A. I think I discussed that in some detail in  
 15 the past. Again, Sands Brothers Asset Management would  
 16 never send out an incomplete or inaccurate financial  
 17 statement. I think I could say with a high degree of  
 18 certainty that Cornick, Garber would also never send out  
 19 an incomplete or inaccurate audited financial statement.  
 20 Everybody is aware of the deadlines, but the worst thing  
 21 we could do would be to send out an inaccurate audited  
 22 financial statement.  
 23 Q. Are you aware of any instances, from 2011 or  
 24 frankly any year, in which investors complained to you or  
 25 anyone at SBAM about receiving their fund financials past

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1 the deadline?  
 2 A. I would have to check.  
 3 Q. As you sit here today, do you recall any  
 4 instances, being made aware of any instances where an  
 5 investor contacted anyone at SBAM, perhaps angry that they  
 6 didn't receive their fund financials in a timely manner?  
 7 A. I don't recall anybody complaining about  
 8 missing the deadlines. I don't know that most investors  
 9 know the deadlines. But I could certainly check our  
 10 records and see if there was a complaint relating to  
 11 missing regulatory deadlines.  
 12 BY MS. TEPPERMAN:  
 13 Q. Do SBAM funds send K-1s to the investors?  
 14 A. The funds send K-1s, of course.  
 15 Q. And when are those typically sent?  
 16 A. I believe when the audited financial  
 17 statements are done, then the K-1s become available.  
 18 Q. And who was involved at SBAM in preparing  
 19 K-1s, if anyone?  
 20 A. Well SBAM does not prepare K-1s, per se. We  
 21 are involved in the process in a similar way that we are  
 22 involved in the process of preparing audited financial  
 23 statements. SBAM is not an accounting firm. The  
 24 accounting firm and the administrators are more directly  
 25 involved in K-1 production.

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1 BY MR. EDWARDS:  
 2 Q. And would it be the accounting firm or the  
 3 auditing firm that would distribute, mail the K-1s to  
 4 investors?  
 5 A. Yes. I believe the administrators do that  
 6 along with the financial statements.  
 7 MR. EDWARDS: 22.  
 8 (12/31/11 Sands Brothers Venture Capital, LLC  
 9 financial statements marked Exhibit 22 for  
 10 identification.)  
 11 Q. Mr. Kelly, I'm now handing you what's been  
 12 marked as Exhibit 22, which is a copy of Sands Brothers  
 13 Venture Capital, LLC financials dated December 31, 2011.  
 14 Do you recognize this document?  
 15 A. Yes.  
 16 Q. Again, if you will turn to the first page of  
 17 this exhibit, it's Bates stamped SBAM 0007833, you will  
 18 note that the auditor's report is dated October 26, 2012.  
 19 Do you see that?  
 20 A. Yes.  
 21 Q. Do you know why the audit report for the fund  
 22 wasn't complete until some number of months after  
 23 April 30, 2012?  
 24 A. Well, again, I think I have explained that  
 25 the auditors won't release audited financial statements

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1 until they are complete, until they sign off on them. And  
 2 Sands Brothers Asset Management would never release  
 3 financial statements that were not complete.  
 4 I have spoken about issues that come up with  
 5 respect to portfolio companies and that the auditors, the  
 6 administrators, Sands Brothers Asset Management, to some  
 7 extent, depends on many third parties. Some of those  
 8 third parties are not always as responsive as we would  
 9 like.  
 10 And then sometimes there are particular  
 11 issues relating to particular investments that the  
 12 auditors have questions about. And sometimes the  
 13 resolution of those issues extends beyond the regulatory  
 14 due date.  
 15 The audited financial statements are sent out  
 16 when the auditor is comfortable that all issues have been  
 17 addressed, the financial statements are correct. And,  
 18 unfortunately, these issues, feedback from underlying  
 19 management, takes more time than we would like. Nobody is  
 20 unaware of the regulatory deadlines, everybody is  
 21 sensitive to the regulatory deadlines, but we know that  
 22 there are many hedge funds that are confronted with the  
 23 same issue of collecting all the necessary information,  
 24 addressing all the underlying issues in a timely manner.  
 25 And, unfortunately, if the auditor has open

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1 issues, if underlying management hasn't gotten back to us  
 2 with something, if we need an appraisal, the process  
 3 continues until it's complete. There is very little that  
 4 any one member of Sands Brothers Asset Management can do,  
 5 very little that any one member at Cornick, Garber can do,  
 6 other than make sure that when the financial statements  
 7 are mailed, that they're right.  
 8 So why, there were issues that extended  
 9 beyond the regulatory deadlines and the auditors insisted  
 10 that they receive all necessary information and that they  
 11 do their job and then the financial statements would be  
 12 completed and mailed.  
 13 Q. Mr. Kelly, I'd like to direct your attention  
 14 to -- we are still on Exhibit 22 -- towards the back. If  
 15 you look on the bottom right again, you will see a page  
 16 Bates stamped SBAM 0007795.  
 17 A. Yes.  
 18 Q. If you will just look at that page, the page  
 19 that follows, the page that follows that, the final three  
 20 pages of the document, I believe you will see a list of  
 21 companies that the Venture Capital, LLC fund was invested?  
 22 A. Yes.  
 23 Q. Just take a moment, if you wouldn't mind, and  
 24 look through these lists of companies and see if that at  
 25 all refreshes your recollection as to any particular

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1 companies that had issues that led to the tardy completion  
 2 of the audit for these financials.  
 3 A. I would have to check on these. I'm not  
 4 sure.  
 5 MR. KAPLAN: He is not asking -- that's what  
 6 he is asking you, not whether you can check. You can  
 7 check on anything. He knows that.  
 8 A. I can't speak to these.  
 9 Q. So I guess looking at this list, as you sit  
 10 here today, this doesn't refresh your recollection as to  
 11 any particular companies that had problems that led to the  
 12 tardy completion of these particular financials?  
 13 A. I can't speak to these names.  
 14 BY MS. TEPPERMAN:  
 15 Q. Do you recall any specific issues that the  
 16 auditors raised about certain investments for the year end  
 17 2011 financial statements of the SBAM managed funds?  
 18 A. Well, I mentioned some earlier. I think  
 19 there was an inventory issue. I believe there was a value  
 20 of equipment issue. I believe there was some real estate  
 21 appraisal issues. There may have been other issues which  
 22 aren't coming to mind at the moment.  
 23 Q. And these are issues that the auditor raised?  
 24 A. Yes.  
 25 Q. Mr. Kelly, let me show you --

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1 MR. EDWARDS: Mark this 23, please.  
 2 (E-mail marked Exhibit 23 for  
 3 identification.)  
 4 Q. Let me show you an e-mail that's been marked  
 5 as Exhibit 23. Take a moment to review it.  
 6 A. Yes, yes.  
 7 Q. If you look in the subject line of the  
 8 e-mail, you will see that it says, "Granite" the  
 9 abbreviation for Associates, "2011 YEAF." Is Granite  
 10 Associates one of the funds managed by Sands Brothers  
 11 Asset Management?  
 12 A. Yes.  
 13 Q. I believe you might have mentioned this, but  
 14 is it one of the Venture Funds?  
 15 A. Yes.  
 16 Q. Who is John Lancer, the 3rd?  
 17 A. He works for Greenwich Fund Services as a  
 18 administrator.  
 19 Q. And who is Douglas Bisio?  
 20 A. He works for Greenwich Fund Services also.  
 21 Q. And why was Lancer e-mailing you and Bisio  
 22 here?  
 23 A. He was confirming the mailing of the Granite  
 24 year end audited financial statements.  
 25 Q. And was it Lancer's regular practice to

1 e-mail you and Bisio to let you know that financials had  
2 been mailed?

3 MR. KAPLAN: Objection. He can't tell you  
4 what Lancer's general practice was. He could tell you  
5 whether he had received other ones.

6 Q. So beyond this e-mail, Exhibit 23, can you  
7 think of other instances in which John Lancer, the 3rd,  
8 e-mailed you to confirm that fund financials had been  
9 mailed?

10 A. Off the top of my head, I can't speak to  
11 that.

12 Q. Do you think it's happened before?

13 MR. KAPLAN: Are you asking him to guess or  
14 does he have a recollection?

15 Q. Do you have a general recollection?

16 MS. TEPPERMAN: A general recollection.

17 A. I don't recall. I'd rather check than guess.

18 Q. And again, do you know why Granite  
19 Associates' year end 2011 financials weren't mailed until  
20 December 28, 2012?

21 MR. KAPLAN: Please answer this question, but  
22 he is asking you do you know. Don't speculate, don't  
23 guess. But please tell him whatever knowledge you have

24 A. I don't recall exactly why this went out on  
25 that date.

1 Q. And when does the audit process normally  
2 begin?

3 A. November.

4 BY MR. EDWARDS:

5 Q. And, in fact, did the audit process for year  
6 end 2012 financials for the 14 funds managed by Sands  
7 Brothers, did the audit process in fact begin in November  
8 of 2012?

9 A. The audit process relates to all of the  
10 financial statements throughout the audit year, which  
11 begins January 1st of that year. But there is an emphasis  
12 on beginning that year's audit process in November.

13 MR. KAPLAN: He is asking you did the audit  
14 process begin in November 2012 for the 14 funds for their  
15 audits for year end December 31, 2012? Yes, no, I don't  
16 know, I don't recall. Which one is it? If you don't know,  
17 say you don't know. If you do know, please tell him.

18 I don't understand what the problem is.

19 THE WITNESS: The audit process relates back  
20 to work throughout the year, but we emphasize it as of  
21 November.

22 MR. KAPLAN: So to the best of your  
23 knowledge, did that occur in November of 2012?

24 THE WITNESS: That's my view, yes.

25 MR. KAPLAN: Okay, thank you.

1 Q. Has SBAM distributed year end 2012 audited  
2 financials to investors yet?

3 A. No.

4 Q. If you know, please let me know, if you  
5 don't, feel free to tell me you don't know. When do you  
6 anticipate that these financials will be distributed to  
7 investors?

8 MR. KAPLAN: And by "these financials" you  
9 are asking?

10 MR. EDWARDS: Year end 2012 financials for

11 MR. KAPLAN: The 14.

12 MR. EDWARDS: -- the 14 funds managed by  
13 SBAM.

14 A. I do not know when they will go out.

15 Q. Do you know if financials for the 14 funds,  
16 if the audit process has been completed, as we sit here  
17 today, for the year end 2012 financials?

18 A. No.

19 Q. No, you don't recall, or, no, the audit  
20 process hasn't yet been completed?

21 A. It has not yet been completed.

22 BY MS. TEPPERMAN:

23 Q. Has the audit process been started for the 14  
24 funds?

25 A. Of course.

1 MR. EDWARDS: Let's take a short break. We  
2 are off the record at 11:23 a.m.

3 (Short recess taken.)

4 MR. EDWARDS: We are back on the record at  
5 11:30 a.m.

6 During the break, Mr. Kelly, did we have any  
7 conversations?

8 THE WITNESS: Excuse me?

9 MR. EDWARDS: Did we have any conversations  
10 during the break? Did you and I have any substantive  
11 conversations during the break?

12 THE WITNESS: No.

13 MR. EDWARDS: Please mark this 24.  
14 (Form ADV for Sands Brothers Asset Management  
15 for year end 2011 marked Exhibit 24 for  
16 identification.)

17 Q. I would now like to show you what's been  
18 marked as Exhibit 24. Do you recognize this document?

19 A. Yes.

20 Q. And what is this document?

21 A. Form ADV for Sands Brothers Asset Management

22 Q. This is for year end 2011, correct, this ADV?

23 A. Looks like it. You mean the annual amendment  
24 following December 31, 2011?

25 Q. Correct me if I'm wrong, but I don't think

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1 this is the amendment. I believe this is --  
 2 A. Oh, other than the annual amendment?  
 3 Q. I believe this is the document that I think  
 4 is the year end 2011 Form ADV filed on March 1, 2012. I  
 5 believe the amendment was filed 18 days later.  
 6 A. Okay.  
 7 MS. PASTER: If you know, say so. If you  
 8 don't know say that.  
 9 A. I don't understand what you're asking.  
 10 Q. What do you understand this document to be?  
 11 A. It's labeled 3/1/2012, 3:05 p.m.  
 12 Q. And do you understand this to be the Form ADV  
 13 for Sands Brothers Asset Management filed on March 1,  
 14 2012?  
 15 A. It appears to be.  
 16 Q. Who was responsible for filling out this  
 17 document?  
 18 A. Me.  
 19 Q. You alone or did you have help?  
 20 A. I sometimes reach out to counsel, so it's me  
 21 plus sometimes counsel, or possibly others at the firm, if  
 22 they have some knowledge that might be relevant.  
 23 Q. But in terms of actually sort of putting in,  
 24 checking the boxes, writing in the numbers, you're the one  
 25 responsible for doing that?

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1 A. Yes.  
 2 Q. Now I would like to direct your attention --  
 3 there are no Bates stamps on this document but there are  
 4 page numbers -- to page 22 of 152 of this exhibit. I'm  
 5 looking at item 5, "Regulatory assets under management."  
 6 Do you see that?  
 7 A. Yes.  
 8 Q. Correct me if I'm wrong, but it appears as  
 9 though Sands Brothers Asset Management, as of the date of  
 10 this filing, had regulatory assets under management of  
 11 \$73,671,205; is that correct?  
 12 A. That's the number on this document, yes.  
 13 Q. And do you recall how this number was  
 14 derived?  
 15 A. The administrators did it.  
 16 Q. And what administrators in particular were  
 17 involved in deriving this number?  
 18 A. Greenwich Fund Services.  
 19 BY MS. TEPPERMAN:  
 20 Q. When you filled out Form ADVs, the annual  
 21 filing, what valuation numbers went into the regulatory  
 22 assets under management?  
 23 A. You are talking about the item 5F numbers?  
 24 Q. Yes.  
 25 A. The administrators calculated the values of

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1 each of the funds and added them up as of a recent date.  
 2 Q. Do you know the date that they used?  
 3 A. I don't know.  
 4 BY MR. EDWARDS:  
 5 Q. I'd now like to direct your attention to  
 6 page 70 of 152 of Exhibit 24. Here I'm looking at the  
 7 heading "Auditors." Do you see that?  
 8 A. Yes.  
 9 Q. And if you just turn back a few pages to  
 10 page 67 of 152, you'll note that the auditors that I will  
 11 refer to later are the auditors responsible for auditing  
 12 the financials of Sands Brothers Venture Capital III, LLC.  
 13 Do you see that?  
 14 A. Yes.  
 15 Q. Sorry if I'm jumping around a bit, but if you  
 16 turn to page 69 of 152, if you look at No. 11, item 11,  
 17 you will see that it says that Sands Brothers Venture  
 18 Capital III had current gross asset value of \$15,091,787.  
 19 Do you see that?  
 20 A. Yes.  
 21 BY MS. TEPPERMAN:  
 22 Q. Was that number provided by the  
 23 administrator?  
 24 A. Yes.  
 25 BY MR. EDWARDS:

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1 Q. Going back to page 70 -- actually 71, but for  
 2 context you can begin on page 70, I'm looking again at the  
 3 heading, "Auditors." You'll see on page 71 of 152, item  
 4 G, the question is: "Have private funds" -- and here  
 5 again we are talking about Venture Capital III -- "Have  
 6 Venture Capital's audit financial statements been  
 7 distributed to Venture Capital III investors?" Do you see  
 8 that question?  
 9 A. Yes.  
 10 Q. Do you see that the yes box is checked?  
 11 A. Yes.  
 12 Q. Look at item H, the next item. The question  
 13 reads, "Does the report prepared by the auditing firm  
 14 contain an unqualified opinion?" You will see that you  
 15 have three options, yes, no or report not yet received.  
 16 Do you see that the box "yes" is marked?  
 17 A. Yes.  
 18 BY MS. TEPPERMAN:  
 19 Q. What was the basis for marking "yes" on this  
 20 form?  
 21 A. The last financial audit was unqualified.  
 22 Q. The last financial audit for which year?  
 23 A. At this point, it would have been the prior  
 24 year, year 2010.  
 25 Q. And had the audit for fiscal year -- had the

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1 audit for year end 2010 been completed by the time that  
 2 this form was filed?  
 3 A. Oh, no. Maybe that was 2009. The question  
 4 doesn't relate back to any particular date. It just asks  
 5 if it was -- if the audit financial statements contained  
 6 an unqualified opinion in the last audit for this fund was  
 7 unqualified.  
 8 Q. Did you understand the annual amendment filed  
 9 to relate to the period of the prior fiscal year?  
 10 A. Is this ADV we are looking at an annual  
 11 amendment? This question doesn't relate back to any  
 12 particular year. It says, "Does the report prepared by  
 13 the auditing firm contain an unqualified opinion?" The  
 14 answer is: "Yes, the last report prepared by that auditor  
 15 was unqualified."  
 16 BY MR. EDWARDS:  
 17 Q. How did you understand -- what did you  
 18 understand the phrase "report not yet received" to mean?  
 19 In what circumstances would someone preparing a Form ADV  
 20 mark the box "report not yet received" in answering this  
 21 question?  
 22 A. Well, I'm not sure. There was a report filed  
 23 by Cornick for, I think, the last report, I believe, at  
 24 this point was 2009. So there was a report received by  
 25 the auditor listed previously and that report was

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1 unqualified. If the ADV wanted to relate to a report that  
 2 was forthcoming, I assume it would have been clearer on  
 3 that point. But there is nothing in here that relates to  
 4 a particular year in this question.  
 5 And the report that did come -- all of the  
 6 Cornick reports for this fund have been unqualified.  
 7 There's never been a case where it was qualified.  
 8 MR. EDWARDS: We are up to 25, I think.  
 9 (Form ADV filed 4/12/2013 marked Exhibit 25  
 10 for identification.)  
 11 BY MR. EDWARDS:  
 12 Q. Mr. Kelly, I'm now handing you what's been  
 13 marked as Exhibit 25. Do you recognize this document?  
 14 A. Yes.  
 15 Q. And what is this document?  
 16 A. It's a Form ADV filed 4/12/2013.  
 17 Q. And did you fill out this Form ADV?  
 18 A. Yes.  
 19 Q. Did you have any assistance in filling out  
 20 this Form ADV?  
 21 A. I'd have to check. I don't remember. I'd  
 22 have to check the items.  
 23 BY MS. TEPPERMAN:  
 24 Q. Is Exhibit -- the form appears to be dated  
 25 April 12, 2013; is that correct?

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1 A. Yes.  
 2 Q. Sitting here today, do you recall anybody  
 3 assisting you with this form?  
 4 A. No.  
 5 MR. EDWARDS: 26.  
 6 (Personal account valuation for Sands  
 7 Brothers Venture Capital II marked Exhibit 26  
 8 for identification.)  
 9 BY MR. EDWARDS:  
 10 Q. Mr. Kelly, I'm now handing you what's been  
 11 marked as Exhibit 26, which appears to be a personal  
 12 account valuation for Sands Brothers Venture Capital II.  
 13 Do you recognize this document?  
 14 A. Not specifically.  
 15 Q. Have you seen documents like this before?  
 16 A. Yes.  
 17 Q. And, again, what is this document?  
 18 A. It's a personal account valuation for an  
 19 investor in Sands Brothers Venture Capital II.  
 20 Q. And the investor in this instance, or  
 21 investors, would be John and Susan Windham?  
 22 A. That's what it says, yes.  
 23 Q. Were documents like this sent to investors in  
 24 Venture Capital II every quarter?  
 25 A. Yes.

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1 Q. You'll notice that the Windhams' initial  
 2 investment of a quarter of a million dollars as of  
 3 September 30, 2009 was only worth \$26,729. Do you see  
 4 that?  
 5 A. Yes.  
 6 Q. Do you have any understanding why there was  
 7 such a precipitous drop and the investment value of the  
 8 Windhams' investment in Venture II?  
 9 A. I don't have any specific knowledge.  
 10 Q. Do you have any general understanding of what  
 11 might have been going on at Venture Capital II to lead to  
 12 such a significant investment decline?  
 13 A. The value of the investments in the fund  
 14 decreased.  
 15 BY MS. TEPPERMAN:  
 16 Q. Were there any particular investments that  
 17 you recall that were problematic?  
 18 A. I don't know.  
 19 Q. What were the values in these type of  
 20 statements based on?  
 21 A. The values of the investments in the fund.  
 22 Q. And who provided those?  
 23 A. The portfolio manager is involved, Gavin  
 24 Watson. For year end valuations, the auditors are  
 25 involved, the administrators have some role.

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1 Q. What is the role of the administrator?  
 2 A. They are more involved in bookkeeping and  
 3 accounting like functions, preparing numbers.  
 4 Q. Do they prepare the numbers that are provided  
 5 to them by the portfolio managers or do they have some  
 6 valuation role of their own?  
 7 A. The portfolio manager provides valuation  
 8 information. The administrators process that information.  
 9 I believe the administrators, for example, calculate the  
 10 value for a particular investor.  
 11 Q. Does anybody review the valuations of  
 12 portfolio managers?  
 13 A. Yes.  
 14 Q. Who reviews those valuations?  
 15 A. The auditors are involved on a year end  
 16 basis. The administrators collect that data. Various  
 17 personnel at Sands Brothers Asset Management may be  
 18 involved in the valuation process.  
 19 Q. Is there any compliance review of valuations?  
 20 A. There is a very detailed process that  
 21 involves various parties, the gathering of information,  
 22 the processing of that information, the auditing of that  
 23 information. So there is an awareness of a fairly robust  
 24 valuation process that involves numerous parties.  
 25 Q. Is there any third-party review of a

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1 portfolio manager's valuations?  
 2 A. Well, the auditors review them. Again,  
 3 administrators, more on the numbers, more in a numbers  
 4 function, are involved. Various people at Sands Brothers  
 5 Asset Management will discuss the valuations, may answer  
 6 questions related to the valuations, may ask questions  
 7 relating to the valuations, may look at underlying data,  
 8 whether it's financial statements coming from the  
 9 underlying companies.  
 10 So the valuation process does touch a number  
 11 of parties, so, yes, there is review.  
 12 Q. Are there any other outside parties is what  
 13 I'm asking?  
 14 A. There are appraisers who provide components  
 15 of valuations.  
 16 BY MR. EDWARDS:  
 17 Q. Who would these appraisers be?  
 18 A. There have been real estate appraisers.  
 19 There was an equipment appraiser.  
 20 Q. Specifically I am asking the names of the  
 21 appraisers, if you know.  
 22 A. I remember Miller & Long reviewed some real  
 23 estate. The other names I don't recall.  
 24 Q. What role, if any, did Steven or do Steven  
 25 and Martin Sands have in the valuation process that you

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1 just described?  
 2 A. They are involved. They are part of the  
 3 discussion. They ask questions. They talk to the  
 4 auditors. They talk among the other personnel at Sands  
 5 Brothers Asset Management. They don't necessarily do  
 6 groundwork, per se. They are not appraisers, but they are  
 7 involved in discussions with the various parties I've  
 8 mentioned who are involved in the process.  
 9 MS. TEPPERMAN: We are off the record at  
 10 11:54 a.m.  
 11 (Short recess taken.)  
 12 MR. EDWARDS: We are back on the record at  
 13 11:55 a.m.  
 14 Q. Mr. Kelly, I don't have any further questions  
 15 for you today, so unless your counsel has anything that  
 16 she would like to add, I think we are done here today.  
 17 MS. PASTER: No, other than thanking the  
 18 staff today, we have nothing to add.  
 19 MS. TEPPERMAN: Do you wish to clarify  
 20 anything that you have said here today?  
 21 A. I can't think of anything.  
 22 MR. EDWARDS: We are off the record at  
 23 11:56 a.m. Thank you.  
 24 (Time noted: 11:56 o'clock a.m.)  
 25

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1  
2  
3                   SCOPIST'S CERTIFICATE

4                   I, Rena Farber, hereby certify that

5 the foregoing transcript consisting of 59 pages,

6 is a complete, true and accurate transcript of the

7 investigative hearing, held on Monday, April 22,

8 2013, at 3 World Financial Center, New York, New

9 York, in the matter of SBAM Venture Capital Funds.

10                  I further certify that this

11 proceeding was reported by Deborah Moschitto and

12 that the foregoing transcript has been scoped by

13 me.

14

15

16   Rena Farber                   Date

17 \_\_\_\_\_

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1                   PROOFREADER'S CERTIFICATE

2

3 In the Matter of: SBAM Venture Capital Funds

4 Witness: CHRISTOPHER KELLY

5 File Number: NY-08127

6 Date: April 22, 2013

7 Location: 3 World Financial Center

8                   New York, New York

9

10                  This is to certify that I, Deborah

11 Moschitto, do hereby swear and affirm that the

12 attached proceedings before the United States

13 Securities and Exchange Commission were held

14 according to the record and that this is the

15 original, complete, true and accurate transcript

16 that has been compared to the reporting or

17 recording accomplished at the hearing.

18

19

20

21   Deborah Moschitto           Date

22 \_\_\_\_\_

23 \_\_\_\_\_

24 \_\_\_\_\_

25 \_\_\_\_\_

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1  
2                   UNITED STATES SECURITIES AND EXCHANGE COMMISSION

3                   REPORTER'S CERTIFICATE

4

5 I, Deborah Moschitto, reporter, hereby certify

6 that the foregoing transcript of 59 pages is a

7 complete, true, and accurate transcript of the

8 testimony indicated, held on Monday, April 22,

9 2013, at 3 World Financial Center, New York, New

10 York, in the matter of:

11                  SBAM Venture Capital Funds.

12 I further certify that this proceeding was

13 recorded by me and that the foregoing transcript

14 was prepared under my direction.

15

16   Date: \_\_\_\_\_

17

18   Official Reporter: Deborah Moschitto

19   Diversified Reporting Services, Inc.

20

21

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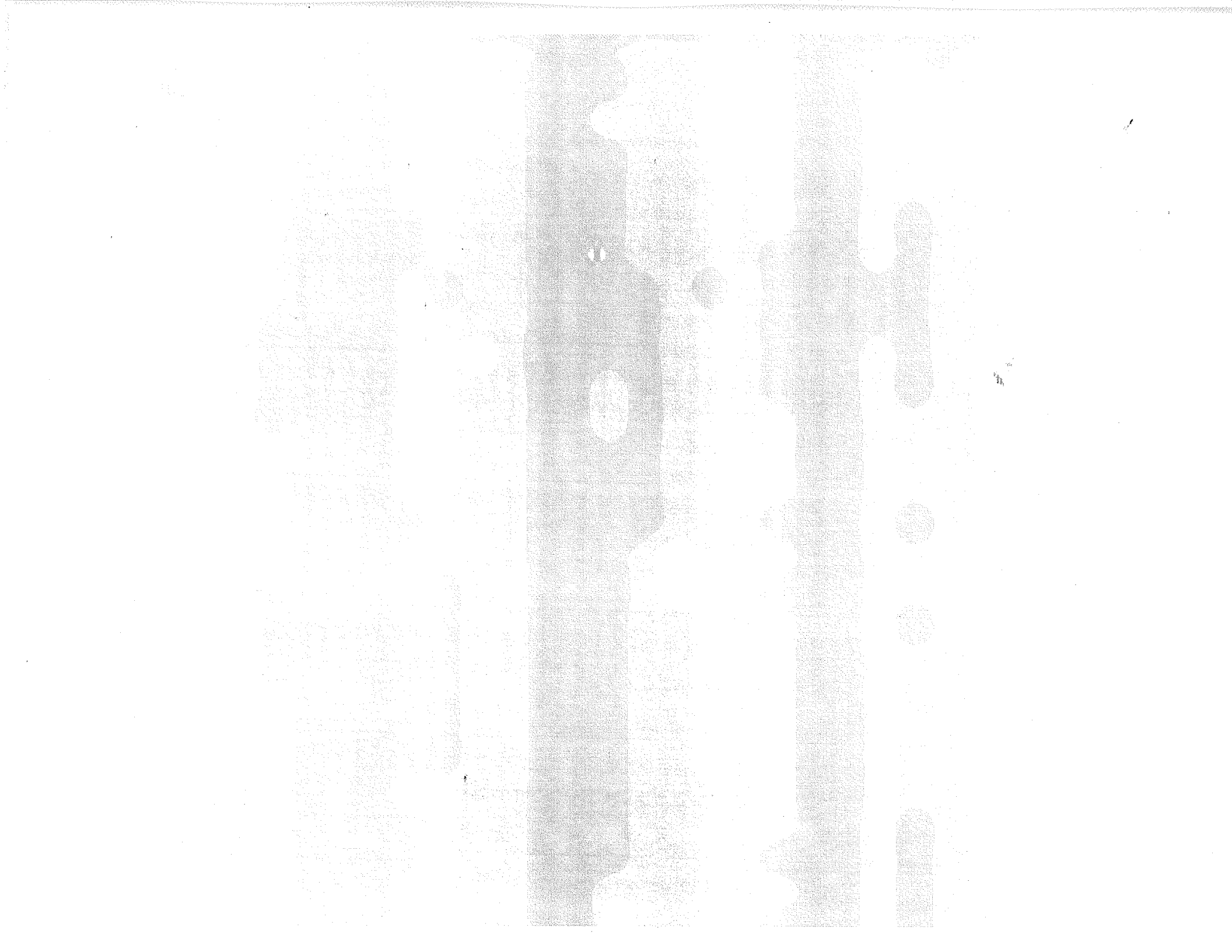
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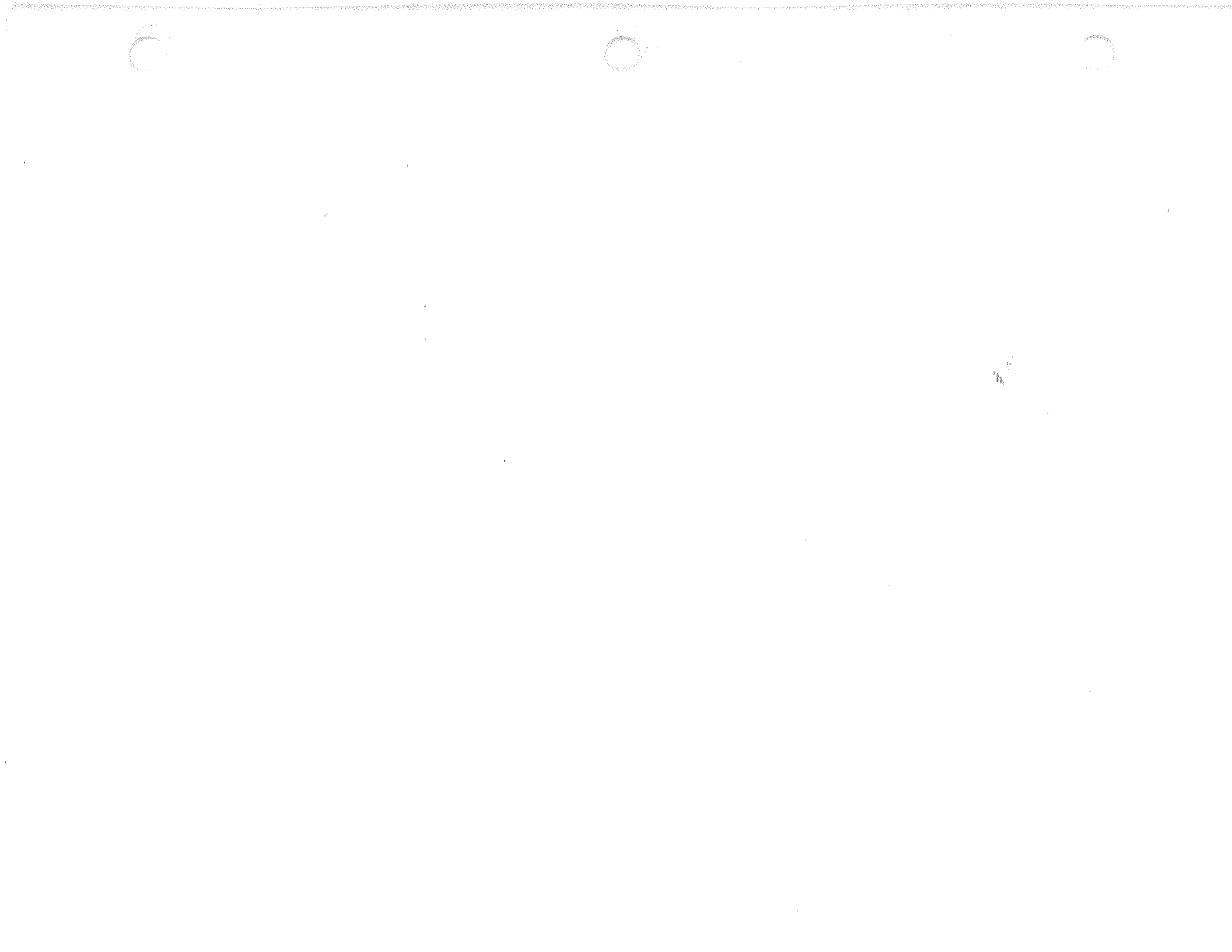
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## Notice

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Individual ██████████ - KELLY, CHRISTOPHER RAYMOND

Administrative Information  
Composite Information

Full Legal Name KELLY, CHRISTOPHER RAYMOND

State of Residence CT

Active Employments <<No Current Active Employments found for this Individual.>>

Reportable Disclosures? The specified individual has no disclosure that qualifies for reporting under this section (i.e., disclosure required to be reported on Form U-4 or Form U-5). Regulatory and Broker/Dealer Users: Please note that there are three types of disclosure in Web CRD: Reportable, Legacy and Archive disclosure. An individual with no reportable disclosure may or may not have Legacy or Archive disclosure. Investment Adviser Users: Please note that IARD does not include Legacy disclosure. Information reported on previous form filings through IARD is available under Filing History.

Statutory Disqualification? BLNK

Registered With Multiple Firms? No

Material Difference in Disclosure? No

Personal Information

Individual CRD# ██████████

Other Names Known By <<No Other Names found for this Individual.>>

Year of Birth 1957

Registrations with Current Employer(s)

<<No Registrations with Current Employer(s) found for this Individual.>>

Registrations with Previous Employer(s)

From 11/22/2004 To 01/31/2006 PRIME CAPITAL SERVICES, INC.(18334)

Reason for Termination Voluntary

Termination Comment

Regulator	Registration Category	Status Date	Registration Status	Approval Date
FINRA	GS	02/06/2006	TERMED	01/26/2005



Individual ██████████ - KELLY, CHRISTOPHER RAYMOND

**Administrative Information**  
**Professional Designations**

<<No Professional Designations found for this Individual.>>

**Employment History**

From	11/2004	To	Present	<b>Name</b>	PRIME CAPITAL SERVICES
				<b>Location</b>	POUGHKEEPSIE, NY, USA
				<b>Position</b>	GENERAL COUNSEL
				<b>Investment Related</b>	Yes
From	03/2003	To	10/2004	<b>Name</b>	CYPRESS ASSOCIATES
				<b>Location</b>	NEW YORK, NY, USA
				<b>Position</b>	GENERAL COUNSEL
				<b>Investment Related</b>	Yes
From	05/2000	To	03/2003	<b>Name</b>	PROSKAUER ROSE
				<b>Location</b>	NEW YORK, NY, USA
				<b>Position</b>	SENIOR COUNSEL
				<b>Investment Related</b>	No
From	05/1987	To	05/2000	<b>Name</b>	SILVER FREEDMAN
				<b>Location</b>	WASHINGTON, DC, USA
				<b>Position</b>	LAW FIRM PARTNER
				<b>Investment Related</b>	No

**Office of Employment History**

From 11/2004 To 01/2006  
**Name** PRIME CAPITAL SERVICES, INC.(18334)

**Independent Contractor**

**Office of Employment Address**

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	11/22/2004	01/31/2006	Located At

Address 11 RAYMOND AVENUE  
POUGHKEEPSIE, NY 12603 USA

**Other Business**

LEGAL CONSULTING. RARELY DURING TRADING HOURS, OCCASIONALLY DURING NON-TRADING HOURS.  
NO FIXED ADDRESS.

**Exam Appointments**

<<No Exam Appointments found for this Individual.>>

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Individual ██████████ - KELLY, CHRISTOPHER RAYMOND

Administrative Information

Exam History

Exam	Enrollment ID	Exam Status	Status Date	Exam Date	Grade	Score	Window Dates
S7	██████████	Official Result	01/26/2005	01/25/2005	Passed	91	11/25/2004-03/25/2005
S7	██████████	Official Result	01/05/2005	01/03/2005	No Show		11/25/2004-03/25/2005

CE Regulatory Element Status

Current CE Status 2YEARTERMED

CE Base Date

CE Appointments

<<No CE Appointments found for this Individual.>>

Current CE

<<No Current CE found for this Individual.>>

Next CE

<<No Next CE found for this Individual.>>

CE Directed Sequence History

<<No CE Directed Sequence History found for this Individual.>>

Inactive CE History Dates

From 05/26/2007 To 02/01/2008

Previous CE Requirement Status

Requirement Type	Session	Status	Status Date	Window Dates	Result
Anniversary	101	CEINACTIVE	05/26/2007	01/26/2007-05/25/2007	
Anniversary	101	REQUIRED	01/26/2007	01/26/2007-05/25/2007	

Filing History

Filing Date	Form Type	Filing type	Source
02/06/2006	U5	Full	PRIME CAPITAL SERVICES, INC. (18334)
03/28/2005	U4	Amendment	PRIME CAPITAL SERVICES, INC. (18334)
03/25/2005	U4	Amendment	PRIME CAPITAL SERVICES, INC. (18334)
01/04/2005	U4	Amendment	PRIME CAPITAL SERVICES, INC. (18334)
12/10/2004	U4	Amendment	PRIME CAPITAL SERVICES, INC. (18334)
11/22/2004	U4	Initial	PRIME CAPITAL SERVICES, INC. (18334)

CRD® or IARD(TM) System Current As Of: 10/02/2014

Snapshot - Individual

CRD® or IARD(TM) System Report provided to: SEC

Request Submitted: 10/3/2014 1:35:16 PM

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Individual [REDACTED] - KELLY, CHRISTOPHER RAYMOND

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**Reportable Events**

<<No Reportable Events found for this Individual.>>

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**Regulator Archive and Z Records**

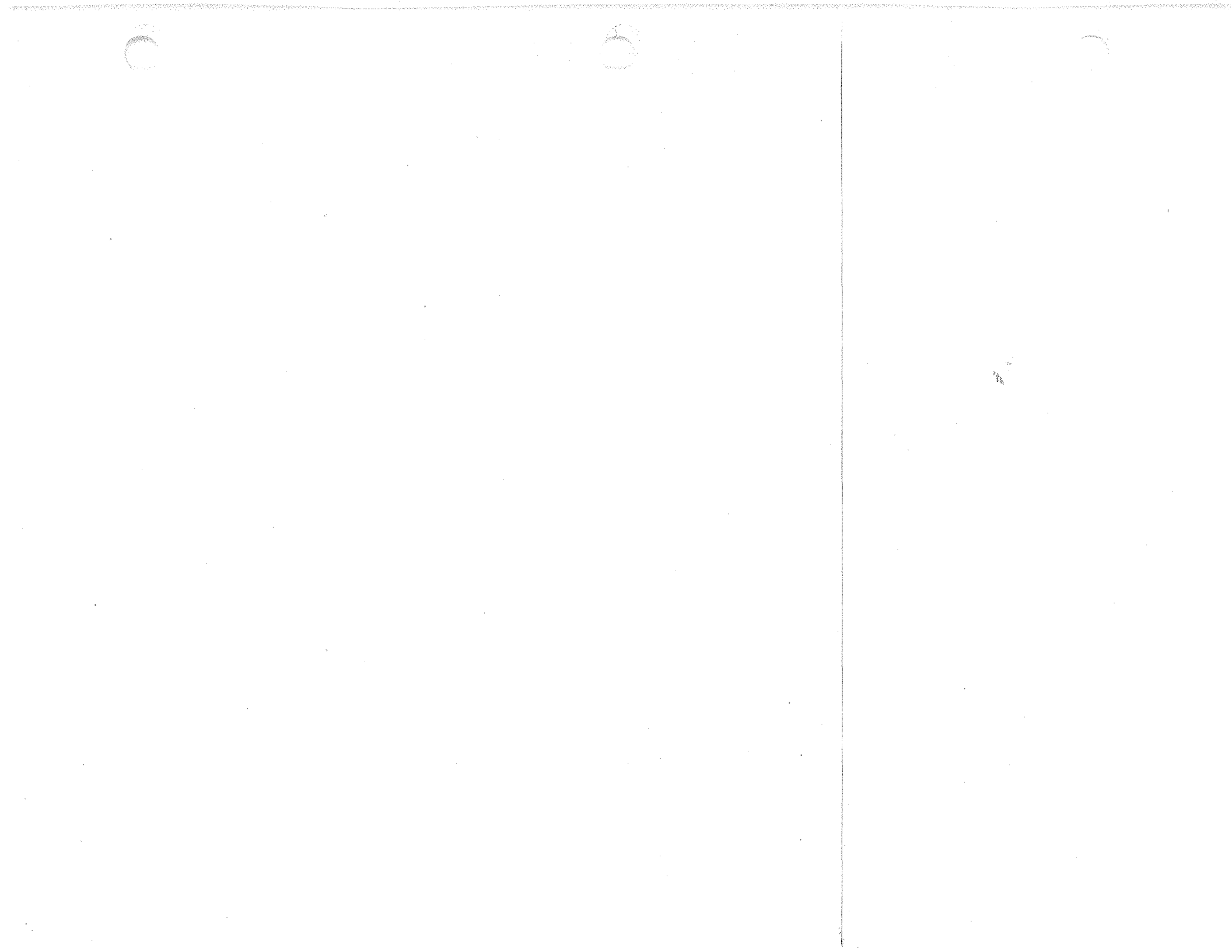
<<No Regulator Archive and Z Records found for this Individual.>>

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SEC-INV-E-0003157  
SEC-NY8127-000151120



**FOIA CONFIDENTIAL TREATMENT REQUESTED**

**In the Matter of SBAM Venture Capital Funds (NY-8127)**

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# **Wells Submission on Behalf of Christopher R. Kelly**

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Mr. Kelly requests confidential treatment for this submission for all purposes pursuant to 17 C.F.R. § 200.83, and requests that this document not be disclosed pursuant to any request under the Freedom of Information Act. If this matter is ultimately to be considered by the Commission, Mr. Kelly requests that a copy of this brief accompany any Staff submission. Finally, to the extent that the Commission intends to disclose this document to any third party, Mr. Kelly respectfully requests written notice to the undersigned at least ten days prior to the release so that counsel may pursue legal relief, if appropriate.

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June 13, 2014

**FOIA CONFIDENTIAL TREATMENT REQUESTED**

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## FOIA CONFIDENTIAL TREATMENT REQUESTED

### I. Introduction

The SEC Staff's proposed enforcement action against Christopher Kelly is both unsupported by the evidence and ill-advised as a matter of policy. In 2008, Kelly, an experienced compliance professional with an unblemished regulatory record, became Chief Compliance Officer ("CCO") and Chief Operating Officer of Sands Brothers Asset Management, LLC ("SBAM"). Upon his arrival at SBAM, Kelly revised the compliance manual, created additional compliance-related policies, and took other actions to improve SBAM's compliance program. At SBAM, as part of the compliance program, Kelly repeatedly emphasized the importance of completing audits within 120 days of the end of the calendar year, and he took direct action on many occasions to move the audit process forward. Audits were delayed, not because of any acts or omissions on Kelly's part, but either because others at SBAM or the other parties involved in the audit process did not share Kelly's commitment to compliance or for other reasons beyond Kelly's control. Thus, the evidence does not support the conclusion that Kelly aided and abetted or caused delays in the delivery of audit reports. To the contrary, Kelly acted to facilitate and expedite the completion of the audits.

In addition to being unsupported by the evidence, an enforcement action against Kelly would deter experienced compliance professionals from joining firms with less-than-stellar compliance histories and thereby have the perverse effect of weakening the compliance function. An enforcement action against Kelly would send the message to compliance professionals that they will be expected to serve as guarantors of their firm's compliance, and they will face enforcement actions if, notwithstanding their best efforts, their firm finds itself with a regulatory problem.

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Such an action would undermine the enforcement message that both Commissioners and the Staff have recently delivered to the compliance community. For example, in a May 14, 2014 speech, Commissioner Kara M. Stein stated as follows:

There is a concern that charging CCOs will have the unintended consequence of weakening the compliance function. I have heard it said that these cases may lead to a drop in the quality of CCOs, because the best candidates will not be willing to serve. And those CCOs that remain willing to assume the role will be less effective because, for example, they may avoid certain functions such as participating in firm committees. That is not the intention.

If you read the facts in the cases we bring, you will see that *they are not cases against CCOs that were promoting compliance*. Instead, they are cases against CCOs that were assisting fraud, ignoring red flags, not asking the tough questions, and not demanding answers.

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Keynote Address of Commissioner Kara M. Stein at Compliance Week 2014 (May 14, 2014)

(available at <http://www.sec.gov/News/Speech/Detail/Speech/1370541857558>) (emphasis

added). Andrew Ceresney, the Director of the Division of Enforcement, recently delivered a

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similar message to compliance professionals:

And I do not want you to be concerned that by engaging, you will somehow be exposed to liability. As recent SEC staff guidance makes clear, compliance personnel do not become supervisors solely because they provide advice to, or consult with, business line personnel and the staff does not view compliance or legal personnel generally as supervising business personnel.

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But at the same time, I need to be clear that we have brought – and will continue to bring – actions against legal and compliance officers when appropriate. This typically will occur *when the Division believes legal or compliance personnel have affirmatively participated in the misconduct, when they have helped mislead regulators, or when they have clear responsibility to implement compliance programs or policies and wholly failed to carry out that responsibility*.



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Keynote Address of Andrew Ceresney at Compliance Week 2014 (May 20, 2014) (available at <http://www.sec.gov/News/Speech/Detail/Speech/1370541872207>) (emphasis added).

The proposed enforcement action against Kelly would be contrary to the policy goals and enforcement criteria recently discussed by Commissioner Stein and by Enforcement Director Ceresney. Kelly did not assist fraud, affirmatively participate in misconduct, mislead regulators or ignore red flags. To the contrary, Kelly adopted compliance programs and policies that sought to ensure delivery of timely audits, and he repeatedly emphasized to others at SBAM and others involved in the audit process the importance of the audit deadline. Moreover, although he is not an accountant, auditor or valuation expert, Kelly worked tirelessly to assist in the audit process.

A chief compliance officer cannot and should not be required to serve as a guarantor of the performance of business line personnel such as portfolio managers, outside auditors, outside administrators, portfolio company managers and others over whom the chief compliance officer does not exercise operational control. Audit firms, for example, will not permit an audit to be released until the audit firm finally approves the audit, a painstaking process consistent with GAAP involving many parties that also requires approval from the audit firm's internal audit committee. Because the evidence does not support the conclusion that Kelly caused or aided and abetted delays in the audit process, and because an enforcement action against Kelly would have the perverse effect of undermining the compliance function, Kelly urges the Staff and the Commission not to pursue further action against him.

### **I. Factual Background**

#### **A. Kelly's Background and His Role at SBAM Between April 2008 and April 25, 2014**

On or about April 28, 2008, Kelly joined SBAM, where he served as Chief Compliance Officer and Chief Operating Officer. Kelly reported to the principals of SBAM—Martin Sands

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and Steven Sands. As set forth in Section II.B below, on April 25, 2014, the SEC Staff provided SBAM counsel, who was then also representing Kelly, with recordings of voicemail messages that Kelly had previously left for the Staff—recordings that Kelly had asked the Staff to treat as confidential. On the day the Staff provided SBAM counsel with Kelly's voicemails, SBAM counsel abruptly terminated Kelly as a client, and SBAM placed Kelly on leave from the firm.

Before joining SBAM, Kelly served as Chief Compliance Officer and General Counsel of Pirate Capital from 2006 to 2008. Kelly also served as General Counsel of Gilman + Cioca Inc. (a broker-dealer holding company) from 2004 to 2006 and as Managing Director, General Counsel and Chief Compliance Officer of Cypress Partners LLC (an investment bank/broker-dealer) from 2003 to 2004. Between 1983 and 2003, Kelly worked in private practice as a corporate and regulatory attorney. Kelly has an unblemished regulatory history.

**B. As a Result of the Staff's Disclosures to SBAM Counsel, SBAM Counsel Withdrew from the Representation of Kelly Ten Days Before the Staff Issued a Wells Notice**

It is important to emphasize that Kelly has been hampered in responding to the Wells notice because (1) he has very limited knowledge of the Staff's investigation as it relates to him, and (2) on April 25, 2014—less than two weeks before the staff issued Kelly a Wells notice—Martin Kaplan (counsel for SBAM, Martin Sands, and Steven Sands) abruptly terminated his representation of Kelly. SBAM counsel terminated his representation of Kelly as the direct result of a series of Staff actions relating to Kelly's legal representation that were puzzling at best.

On April 23, 2013, at the Staff's request, Kelly testified in connection with the investigation. SBAM counsel Kaplan ended the testimony, and when Kelly was asked if he was represented by counsel *that day*, Kelly said yes. (Tr. 6).

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Almost ten months later, in or about February 2014, Kelly learned from Martin Sands (one of the principals of SBAM) that Kelly's name had come up in connection with the investigation. Then, on February 11, 2014, Kelly, representing himself, left a voicemail message for the Staff to find out about the status of the investigation as it related to him.<sup>1</sup> The Staff then advised Kelly that they would not speak to him substantively and that Kelly would have to resolve the question of his representation with his employer's attorney. On February 18, Kelly left another voicemail message for the Staff in which he expressly stated, "I'm not represented by Marty Kaplan." Kelly also stated in the voicemail message that there was no engagement letter or conflict letter with Kaplan. Notwithstanding (1) the fact that Kelly had the right to determine who would represent him (including the possibility of *pro se* representation), (2) the express statement in Form 1662 that the "choice of counsel, and the responsibility for that choice, is yours" and (3) the obvious conflict between the interests of Kelly and the interests of SBAM, Martin Sands, and Steven Sands, the Staff refused to accept Kelly's statement that he was not represented by SBAM counsel unless and until Kelly discussed the matter with SBAM counsel.<sup>2</sup> This placed Kelly, an SBAM employee, in an untenable position. Moreover, Kelly had repeatedly asked the Staff to treat his voicemail messages and other communications to the Staff as confidential. Notwithstanding this request, the Staff never advised Kelly that, in the event that he decided to be represented by SBAM counsel, the Staff would provide Kelly's voicemail messages to SBAM counsel.

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<sup>1</sup> On June 6, 2014, the Staff provided Kelly's new counsel with recordings of Kelly's voicemail messages dated February 11, February 18, March 2, and March 3. The Staff declined to provide counsel with any documents relating to Kelly's conversations with the Staff.

<sup>2</sup> In a June 6, 2014 conversation with Kelly's new counsel, the Staff claimed that they had offered to contact SBAM counsel regarding Kelly's representation if Kelly did not want to contact SBAM counsel directly.

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Ultimately, on March 3, 2014, under pressure from the Staff to choose counsel, Kelly left the Staff a voicemail message stating that he would be represented by SBAM counsel. Almost eight weeks later, on April 25, 2014, the Staff provided Kelly's voicemail messages to SBAM counsel. The Staff did not provide Kelly with any advance warning that they would be disclosing his communications to SBAM counsel. The Staff's disclosure had an immediate and predictable result. On April 25, SBAM counsel Kaplan advised Kelly that Kaplan would no longer represent Kelly, and SBAM placed Kelly on leave. Ten days after the Staff made this puzzling disclosure to SBAM counsel, the Staff mailed Kelly a Wells notice at his home address. The Staff's interference with Kelly's decisions regarding his representation in this matter have greatly hampered his ability to respond to the Wells notice.

### **C. Kelly's Improvements to SBAM's Compliance Program and Procedures**

Upon his arrival at SBAM in April 2008, Kelly took immediate actions to improve the firm's compliance policies and procedures. Kelly revised the firm's compliance manual, which had been based on an off-the-shelf template, in order to fit it to the business of SBAM. Kelly drafted a code of ethics, a privacy policy, a whistleblower policy, a business continuity plan and other compliance documents. Kelly instituted a personal trading policy and developed a complaint log and access persons log. Kelly also worked with the administrative staff to improve the tracking of fund financial data and assisted in improving controls over the payment of expenses. With respect to the annual audit requirement, the SBAM compliance manual prepared by Kelly set forth the requirement that audited financial statements be distributed to investors within 120 days after the end of a fund's fiscal year. (SBAM Compliance Manual Section IX.D.5).

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In May 2008, within a few weeks of his arrival at SBAM, Kelly held an annual compliance meeting. Kelly held a second compliance meeting later in 2008 to reiterate compliance matters discussed at the May meeting and to update personnel on new compliance and operational initiatives that Kelly had instituted. Kelly discussed, among other matters, the annual audit requirement. Kelly required SBAM personnel (including Martin Sands and Steven Sands) to sign an annual certification that they had read and would comply with SBAM's compliance manual. Moreover, over the years, Kelly repeatedly emphasized the importance of the annual audit requirement to Martin Sands, Steven Sands and others.

### **D. SBAM's Annual Independent Compliance Reviews**

SBAM also retained an independent compliance expert to conduct on-site reviews of the SBAM compliance program. These compliance reviews were required by a Stipulation and Agreement with the Connecticut Department of Banking dated September 9, 2009. The underlying violations that led to the Stipulation and Agreement occurred in 2004, 2005 and 2006, prior to Kelly's arrival at SBAM in 2008.

The compliance audits were conducted by Richard Slavin, Esq., of the law firm of Cohen & Wolf, P.C. Mr. Slavin is an expert in investment advisory compliance matters. Mr. Slavin conducted each of the five audits on-site over a number of days, collecting and reviewing a significant amount of material and interviewing SBAM personnel. After each of his on-site reviews, he completed a comprehensive Compliance Report setting forth his conclusions. Mr. Slavin's reports, which were dated on or about December 9, 2009, June 8, 2010, December 8, 2010, December 8, 2011, and December 8, 2012, concluded that the SBAM's compliance program functioned well; the reports did not include any criticism of Kelly. These reports were provided to the SEC.

## FOIA CONFIDENTIAL TREATMENT REQUESTED

### **E. The Limits of Kelly's Role in the Audit Process**

Kelly is not an accountant, auditor or valuation expert. Accordingly, although Kelly repeatedly reminded SBAM and outside personnel of the audit deadlines and sought to facilitate completion of the audits by assisting in various ways, Kelly was not personally qualified to complete the audits. Kelly could tell others to act, but he could not force them to act. Moreover, the completion of the audits depended upon the performance of numerous individuals, including (1) the outside auditors, (2) the outside fund administrators, (3) SBAM's principals, (4) SBAM's portfolio managers, (5) SBAM's analyst, (6) SBAM's outside counsel, and (7) numerous portfolio companies and their management (which had to provide, among other things, information related to valuation, including in some cases their own audited financial statements).

Accordingly, as should be readily apparent, Kelly was not qualified to and could not personally complete audits on his own.

### **III. Argument**

#### **A. Kelly Did Not Cause or Aid and Abet Delays in the Delivery of Audit Reports**

The Commission should not pursue an enforcement action against Kelly, because he did not cause or aid and abet delays in the delivery of annual audit reports. To the contrary, Kelly took affirmative steps in an attempt to ensure that audits were completed on time, and he repeatedly reminded SBAM's principals and others involved in the audit process of the audit deadline and its importance. Far from causing or aiding and abetting delays in the delivery of audits, Kelly sought to ensure that audits were completed as expeditiously as possible and implored those involved in the audit process to meet deadlines. At the end of the day, no compliance officer can guarantee that his guidance will be followed, particularly when it relates to matters outside of his control. Moreover, Kelly, who is not accountant, auditor or valuation expert, could not personally complete or deliver timely audits. In sum, Kelly sought to ensure

## FOIA CONFIDENTIAL TREATMENT REQUESTED

compliance with the audit deadline requirement, and he did cause or aid and abet delays in the delivery of audits.

An individual is liable as an aider and abettor only if he “in some sort associated himself with the venture, . . . participated in it as in something that he wished to bring about, and . . . sought by his actions to make it succeed.” See *SEC v. Apuzzo*, 689 F.3d 204, 212 (2d Cir. 2012) (quoting *United States Peoni*, 100 F.2d 401, 402 (2d Cir. 1938)) (internal brackets omitted). The evidence in this case does not support the conclusion that Kelly aided and abetted or caused delays in the delivery of annual audits. To the contrary, Kelly repeatedly emphasized to the SBAM’s principals and other SBAM employees the importance of completing audits on time. Moreover, Kelly did everything within his power to ensure that the audits were completed.

Kelly, among other things, conducted in-person meetings with the auditors, had regular telephone communications with the auditors, had numerous in-person meetings with the fund administrators, reviewed legal and other documents related to the audit and had regular in-person and telephonic meetings with SBAM personnel. To the extent that there were delays in the delivery of final audits, those delays happened in spite of, and not because of, Kelly’s efforts. This is not a case in which Kelly’s adoption of an additional policy or procedure would have expedited the audit process.

Notably, the production of the audits requires not only the work of numerous SBAM personnel, but also the outside auditors, the outside fund administrators, outside counsel, and numerous portfolio companies and their management (which had to provide, among other things, information related to valuation). Moreover, the Staff has stated that

[t]he Division would not recommend enforcement action for a violation of rule 206(4)-2 against an adviser that is relying on rule 206(4)-2(b)(4) and that reasonably believed that the pool’s audited financial statements would be distributed within the 120-day

**FOIA CONFIDENTIAL TREATMENT REQUESTED**

deadline, but failed to have them distributed in time under certain unforeseeable circumstances.

Staff Responses to Questions About the Custody Rule, available at [http://www.sec.gov/divisions/investment/custody\\_faq\\_030510.htm](http://www.sec.gov/divisions/investment/custody_faq_030510.htm). This “unforeseeable circumstances” guidance counsels against an enforcement action in the circumstances of this case, where Kelly and SBAM were dependent on information and actions from numerous third parties.

**B. The 2010 Consent Order Against SBAM and Its Principals Related to Events that Occurred Prior to the Implementation of Kelly’s Compliance Regime**

On September 13, 2010, a consent order was entered against SBAM, Steven Sands, and Martin Sands, in connection with alleged violations of the Advisors Act. The conduct at issue in the 2010 Order occurred either years before or shortly after Kelly arrived at SBAM on April 28, 2008. *See* 2010 Order at ¶ 9 (discussing year-end December 31, 2003 financial statement), ¶¶ 10-12 (discussing, among other things, a Form ADV filed on March 17, 2004, and failure to file an annual amendment to the Form ADV for the year ended December 31, 2004). Because the actions that gave rise to the 2010 Order took place either before or shortly after Kelly started to work at SBAM, the Order in no way suggested that the policies and procedures Kelly adopted *after* he arrived at SBAM were insufficient. At most, the 2010 Order confirms that in 2008 Kelly assumed the compliance function at a firm with a less-than-pristine compliance history. The Staff’s suggestion that Kelly should have revised SBAM’s compliance procedures “in the wake” of the 2010 Order (Tr. 15) appears to reflect a misunderstanding of the time period of the conduct at issue in the 2010 Order. Nothing in the 2010 Order relates to conduct that occurred under the compliance regime implemented by Kelly. Moreover, on the facts of this case, the Commission will not be able to establish that the absence of a particular policy or procedure



## FOIA CONFIDENTIAL TREATMENT REQUESTED

somehow caused the delays in the delivery of audit reports, which were ultimately prepared by the independent audit firm and dependent upon the input of many other independent parties.

### **C. An Enforcement Action Against Kelly Would Undermine the Compliance Function and Not Be in the Interest of Justice**

Wholly apart from the fact that Kelly did not cause or aid and abet delays in the delivery of audits, an enforcement action against Kelly would undermine the compliance function and not be in the interest of justice. As reflected in, among other things, the 2010 Order and the Connecticut Stipulation and Agreement, SBAM had compliance issues well before Kelly joined the firm. Pursuing an enforcement action against Kelly in the circumstances of this case would deter experienced compliance professionals from joining firms with less-than-stellar compliance histories and thereby have the perverse effect of weakening the compliance function.

Importantly, this is not a case where Kelly assisted fraud, affirmatively participated in misconduct, misled regulators or ignored red flags. To the contrary, Kelly adopted procedures referencing the audit requirement, and he repeatedly implored those with the expertise required to complete the audits to meet deadlines. Moreover, although Kelly is not an accountant, auditor or valuation expert, he worked tirelessly to assist in the audit process. Notably, it is our understanding that SBAM met the audit deadline for the 2013 calendar year.

An enforcement action against Kelly would send the message that the Commission expects chief compliance officers to serve as guarantors of timely audits, regardless of the affirmative role of the chief compliance officer in the audit process and the behavior of the many other parties in the process. More generally, the Commission would send the message (1) that it expects chief compliance officers to be guarantors of every manner of compliance and (2) that compliance professionals join firms with less-than-stellar compliance records at their peril.

Experienced compliance professionals like Kelly should not face enforcement actions because

## FOIA CONFIDENTIAL TREATMENT REQUESTED

their policies were disregarded by others or because other circumstances beyond the compliance officer's control led to missed deadlines.

The facts of this case are markedly different from others in which the Commission has taken action against chief compliance officers. For example, in *In the Matter of Parallax Investments, LLC*, SEC Release No. IA-3726, the Commission brought an enforcement action against a chief compliance officer who allegedly, among other things, (1) "had little if any practical experience with the regulatory requirements applicable to Commission-registered investment advisers when he joined Parallax" and devoted only approximately nine hours per month to the compliance program, (2) failed to take any steps to ensure that Parallax met the 120-day audit deadline, (3) took no steps to ensure that a fund's auditor was PCAOB-registered, and (4) never tailored the compliance manual to Parallax's business. In contrast, Kelly was a full-time, experienced compliance professional who took repeated steps aimed at moving the audit process forward, tailored SBAM's compliance manual to the firm's business, and confirmed that auditors were PCAOB-registered.

Perhaps one could argue that Kelly should not have accepted a job at a firm like SBAM, which had a less-than-pristine compliance history. But the Commission should not take actions that would cause experienced candidates to shy away from difficult investment firm challenges. It is critical to the industry that good, qualified candidates take on tough challenges so that investors will continue to be protected. The Commission should encourage experienced compliance professionals like Kelly to take on difficult assignments, because experienced compliance professionals will help the Commission perform its difficult job of supervision and oversight. Kelly should not face an enforcement action because (1) he accepted a position at a firm with a less-than-exemplary compliance record (as reflected in the 2010 Order and the

**FOIA CONFIDENTIAL TREATMENT REQUESTED**

Connecticut Stipulation and Agreement) and (2) despite Kelly's best efforts, certain audits were delivered after the 120-day deadline. To the contrary, the Staff and the Commission should encourage experienced compliance professionals like Kelly to work at firms like SBAM.

Other equities also counsel against taking an enforcement action against Kelly. First, Kelly is on leave from SBAM and therefore has no current influence over its compliance program.

Second, Kelly was placed on leave from SBAM as a result of the Staff's puzzling decisions with respect to Kelly's choice of counsel. Kelly contacted the Staff in February 2014 and expressly stated, "I'm not represented by [SBAM counsel] Marty Kaplan." Notwithstanding (1) the fact that Kelly had the right to determine who would represent him (including the possibility of *pro se* representation), (2) the express statement in Form 1662 that the "choice of counsel, and the responsibility for that choice, is yours" and (3) the obvious conflict between the interests of Kelly and the interests of SBAM and its principals, the Staff refused to accept Kelly's statement that he was not represented by SBAM counsel unless and until Kelly discussed the matter with SBAM counsel. Moreover, even though Kelly had asked that his communications with the Staff be kept confidential, the Staff never told Kelly that, if he chose to be represented by SBAM counsel, the Staff would provide Kelly's communications to SBAM counsel.

After the Staff placed Kelly in the untenable position of having to communicate with his employer's counsel about his choice of an attorney, Kelly stated that he would be represented by SBAM counsel Kaplan. Almost eight weeks later, without notice to Kelly, the Staff provided SBAM counsel with Kelly's voicemail messages to the Staff, communications Kelly had asked be kept confidential. As a result, Kelly lost the attorney that had been representing him in this

**FOIA CONFIDENTIAL TREATMENT REQUESTED**

matter, and SBAM placed Kelly on leave from the firm. A mere ten days later, the Staff issued a Wells notice. The Staff's puzzling behavior has placed Kelly at a significant disadvantage in preparing this Wells submission, as he has a very limited understanding of the nature of the investigation as it relates to him.

In light of these circumstances, the lack of evidence that Kelly caused or aided and abetted violations of the audit deadline rule, and the Commission's interest in encouraging experienced compliance professionals to work at firms with less-than-pristine compliance histories, Mr. Kelly urges both the Staff and the Commission to do the reasonable thing by not pursuing an unjust and meritless action against him.

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**SUBMITTED BY:**

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**ANALYSIS OF COMPLIANCE SYSTEM OF  
SANDS BROTHERS ASSET MANAGEMENT, LLC**

Richard Slavin, Esq.  
Cohen and Wolf, P.C.  
320 Post Rd. West  
Westport, CT 06880  
[REDACTED]

**I. Introduction**

I have been engaged to perform periodic analyses of the Sands Brothers Asset Management, LLC (the "Firm" or "SBAM") compliance system. This engagement is the result of the September 9, 2009 order of the Banking Commissioner. In that order the Firm agreed to comply with a number of requirements. Among those requirements was the production of an independent consultant's report in connection with the Firm's compliance system. The Firm is also subject to an October 22, 2009 order of the Securities and Exchange Commission which requires that the Firm cause this analysis to be delivered to the Securities and Exchange Commission.

To prepare this report I reviewed the Firm's Compliance Manual which was last revised as of October 15, 2012. I also reviewed the Firm's website and performed a google search on the Firm and its principals. In addition I interviewed SBAM's Chief Compliance Officer and Chief Operating Officer, Christopher Kelly ("Christopher Kelly"). While I interviewed Mr. Kelly I was also able to observe the Firm's operations. The Firm has a small physical space for its offices and I was able to listen to conversations of SBAM personnel as well as watch Firm personnel perform their duties.

I visited the Firm at its Greenwich, Connecticut location to review its operations and to interview Mr. Kelly. In addition, I have had significant experience with the Firm and its operations over the last five years. Part of that experience caused me to become familiar with the facts which engendered the Banking Department investigation of the Firm and the Commissioner's subsequent order. During that process I reviewed Offering Memoranda of the Firm's clients and I became somewhat familiar with how the Firm advised its clients.

I also discussed the substance of the Firm's current Litigation Report to be filed with the Connecticut Banking Department with Mr. Kelly. In addition I reread the Firm's Compliance Manual and prepared an examination outline which emphasized the compliance duties of the SBAM personnel. I used this outline to test the compliance system. As required by the Banking Commissioner's 2009 order, I reviewed the recommendations I made in the initial compliance review and in subsequent reviews to ascertain whether they had been implemented.

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SEC-NY8127-000002824

## II. Structure of the Firm and the Firm's Clients

The Firm has been a federally registered investment adviser since 1999. While it has approximately \$73 million under management, which would require state registration, its main office is in New York and has been since its inception. As a result, it qualifies for an exemption from state registration in New York so long as it remains registered with the United States Securities and Exchange Commission.

The Firm has no individual clients. SBAM advises a group of funds of hedge funds (the "Select Access Funds"), two asset-based lending funds (the "Genesis Funds"), a group of venture capital funds (the "Venture Funds") and a distressed securities fund (the "Vantage Point Fund" and, together with the Select Access Funds, the Genesis Funds, and the Venture Funds, the "Funds").

### The Select Access Funds

The Select Access Funds are a group of multi-strategy funds of hedge funds. The Select Access Funds have invested with a carefully selected group of hedge fund managers throughout the hedge fund industry. Individual investors in the Select Access Funds have the benefit of management at two levels, selection and monitoring of managers by SBAM and the actual management of funds by the individually selected fund managers. SBAM tracks the performance of a broad group of managers and then selects managers and allocates funds to maximize risk-adjusted performance. These funds are closed to new investors and are being wound down.

The Select Access Funds pay SBAM an annual advisory fee based on net asset value payable in arrears. In addition, affiliates of SBAM which are member-managers of each of the Select Access Funds may receive an annual performance allocation, subject to the performance of the funds. The executive officers of SBAM also serve as the managers of the entities which are the member-managers.

The Select Access Funds are Select Access LLC, Select Access (Institutional) LLC, and Select Access III LLC.

### 1. Genesis Merchant Partners

SBAM is also investment advisor to Genesis Merchant Partners, LP and Genesis Merchant Partners II, LP (the "Genesis Funds"). The objective of the Genesis Funds is to seek consistent returns primarily by making strategic and opportunistic loans, on a secured and unsecured basis, to domestic or foreign borrowers. These borrowers include small and micro-cap public companies, private companies and special purpose real estate and other niche businesses. The focus of the Genesis Funds' investment is on markets which SBAM considers underserved, out of favor, ignored, less than prime, or distressed. The purpose of these types of investments is to generate higher returns than the typical asset backed loan fund. The Genesis Funds are not limited to the types of investments detailed above and may make investments in a broad range of investments at the discretion of SBAM.

The Genesis Funds pay SBAM a monthly management fee based on net asset value and may make an annual performance allocation to the general partner of the Genesis Funds. The general partner is owned by persons who may be considered to be related persons to SBAM.

## **2. Venture Funds**

SBAM advises the Venture Funds, which have typically made investments in private placements. They may also invest in public companies or in other managed vehicles. The Venture Funds invest in a number of sectors including, but not limited to technology, health care, business services, finance, and transportation. These funds are closed to new investors and are being wound down.

The Venture Funds pay SBAM a quarterly advisory fee based upon assets under management. In addition, affiliates of SBAM which are member-managers of the Venture Funds may receive an annual performance allocation, subject to the performance of the funds. The executive officers of SBAM also serve as the managers of the entities which are the member-managers. The Venture Funds are structured to require long-term investment by investors in those funds.

The Venture Funds are Sands Brothers Venture Capital LLC, Sands Brothers Venture Capital II LLC, Sands Brothers Venture Capital III LLC, Sands Brothers Venture Capital IV LLC, SB Opportunity Technology Associates Institution LLC, 280 Ventures LLC, Granite Associates LLC, and Katie and Adam Bridge Partners, L.P.

## **3. Vantage Point Fund**

The Vantage Point Fund commenced operations in March 2009. The Vantage Point Fund invests primarily in mortgage related debt. The Vantage Point Fund will pay to SBAM a monthly management fee equal to 2% annually, and, subject to performance, will make a 20% annual performance allocation to the general partner of the Vantage Point Fund, which is owned by related persons of SBAM, subject to a high water mark. The Vantage Point Fund will charge an operational fee (in addition to the monthly management fee) equal to the greater of (i) approximately 0.000667% (1/15 of 1% monthly) of the net assets of the Vantage Point Fund or (ii) \$10,416.66 per month (\$125,000 annually). The Vantage Point Fund is closed to new investors and is being wound down.

## **5. SBAM Personnel**

Martin and Steven Sands are the co-founders of the Firm and are the Senior Portfolio Managers for each fund. They have ultimate responsibility for the management of the funds which SBAM manages. Christopher Kelly is the Chief Compliance Officer and Chief Operating Officer of SBAM. He is responsible for the Firm's compliance and he is responsible for operations which do not involve investment decision-making.

There is one Portfolio Manager who has more direct responsibility for management of certain of the funds. Gavin Watson is the Portfolio Manager for the Venture Funds and the

Genesis Funds. Brendan Kinnane has recently joined the Firm as an Analyst. Ervin Braun is a new employee as well as an investor in Genesis Merchant Partners, L.P.. He participates in investment meetings and consults with the Portfolio Managers about investments for the funds. He is a Doctor of Medical Dentistry and has twenty-eight years' experience in prosthodontics.

Only the Genesis Funds currently take new investors.

Eva Shafer is the Executive Assistant and Office Manager. Ms. Shafer has assumed some of the compliance duties of the prior Executive Assistant. She has some ministerial compliance responsibility. There are two drivers who are employed by the Firm, John Antonetti and Claude Maynard, Sr. In addition Anita Sands, Martin and Steven Sands' mother, is employed as a consultant by the Firm and Hugh Marasa is Director of Marketing. He is a salaried employee whose job is primarily to retain clients. In addition, he discusses investments in other SBAM managed funds with investors in other SBAM funds. Mr. Marasa is now resident in San Francisco. Jeffrey Umansky is the Executive Assistant to Steven Sands and performs ministerial tasks based on his duties for SBAM.

#### **6. Trading**

The Firm does little trading for its clients; it has few positions with significant liquidity. Trades in the Venture Funds and the Vantage Point Fund are executed with the registered broker-dealer, Laidlaw & Co. Laidlaw may be deemed to be an affiliate of the Firm based on related ownership. As the Firm's Portfolio Managers are required to secure best execution for its clients, Laidlaw's discounted charges generally make it the best selection for these trades. The Firm does not trade for the Select Funds. The Venture Funds and the Genesis Funds have few trades.

#### **7. Statements and Subscription Agreements**

Depending on the requirements of the individual Offering Memorandum, the Firm provides the investors in its funds reports on a monthly or a quarterly basis. As all of the clients became investors through private offerings of securities in the various funds, I reviewed a sampling of subscription agreements for completeness and to insure that they existed and are readily available.

#### **8. Custody**

SBAM takes the positions that it has custody of its clients' assets as it has custody of some securities; however, it is not subject to the SEC's surprise audit rule for brokers with custody. It provides monthly or quarterly reports to its fund investors as well as sending its audits to them. The audits are done by PCAOB accountants.

#### **9. Regulatory examinations and orders**

In October 2010 SBAM, Martin Sands and Steven Sands settled administrative proceedings with the United States Securities and Exchange Commission ("SEC"). The SEC alleged violations of Sections 204 and 207 of the Investment Adviser's Act of 1940 and Rules 204-1 and 204-2, promulgated under that Act, relating to books and records and Form ADV. This matter arose as a result of a 2004 inspection of SBAM by the SEC. Prior to the notice of an intention to charge SBAM with violations neither SBAM nor Martin or Steven Sands had received any communication from the SEC since 2005. In settlement, the parties agreed to cease



and desist from violations of the law and rules, agreed to be censured, and agreed to pay a \$60,000 fine.

During the early part of 2010 SBAM provided 59,000 pages of documents to the SEC.

### III. Compliance Manual

The Firm undertook a complete rewrite of the Compliance Manual in 2008 and has used this new Manual since May 2008. It changed its prior generic manual into one that deals with the specific issues facing the Firm on a day-to-day basis. The Compliance Manual is updated as necessary. Its last update occurred on October 15, 2012, and again on December 4, 2012 pursuant to items in this analysis.

Given the small staff and comparatively small amount of transactions undertaken by the staff, the Manual has been adapted to reflect the actual amount of compliance personnel with a specific designation of which person is in charge of which operation and who reports to whom.

To test the operations detailed in the Manual I prepared an outline of responsibilities and questioned the Chief Compliance Officer about the conduct of those responsibilities. The consolidation of space makes physical supervision easier for the Chief Compliance Officer. Mr. Kelly is not separated from the Firm's other personnel, although most of his supervisory functions can be performed by computer review. I also requested from Christopher Kelly selected samplings of essential documents and reviewed those documents to insure compliance with the provisions of the Manual.

I describe below the results of discussions with Christopher Kelly and the compliance system at the Firm.

#### A. Emails

I discussed the preservation and retrieval of emails with Christopher Kelly. I also discussed the preparation of emails and the review of their content. When any investor-related email is prepared to be sent outside of the office by SBAM personnel it is typically prepared in draft and reviewed by Christopher Kelly prior to its distribution.

The Firm uses a third party service provider, Global Relay, as a backup for its primary record of emails. It also provides surveillance capacity for all emails. In the event that emails must be recovered the Firm can retrieve over 200,000 emails within one day. The system does not employ discs so that there is no long search requirement.

In reviewing emails the Firm employs a key word search capability in addition to the actual reading of emails before they are sent. The Firm is small enough and has so few employees that Christopher Kelly is able to review emails to be sent to external individuals personally.

The principals of the Firm, Martin and Steven Sands, have adopted a policy of never sending emails. Christopher Kelly has had and continues to have meetings with the staff in connection with the proper preparation of emails and the need to have them approved prior to sending. Mr. Kelly anticipates that Ms. Shafer will function as an extra layer of compliance review as she will draft many of the emails and perform a review prior to submission to

Christopher Kelly. At the May 2008, November 2008, April 2009, April 2010, April 2011, and April 2012 compliance meetings a major topic was avoiding the improper use of emails and the use of improper language in emails.

**B. Miscellaneous Compliance Provisions**

**a. Personal Trading Policy**

I reviewed with Christopher Kelly the way in which he reviews trades and how he enforces the policy. In connection with that review he provided the list of access persons at the Firm and the requirement of providing current brokerage statements for access persons. Mr. Kelly's trades, if any, are reviewed by Hugh Marasa.

**b. Reports to Investors in Funds**

The Firm prepares a Monthly Fund Review for the Genesis Funds, Select Access Funds, and Vantage Point Fund. I reviewed a sampling of Monthly Fund Reviews. Christopher Kelly performs a prior review for accuracy before the Reviews are sent to prevent misstatements or misrepresentations.

**c. Preservation and Access to Compliance Documents**

All compliance documents are maintained on Christopher Kelly's hard drive. I tested this system to insure that he had instantaneous access to documents which might be requested in an examination or which he might need to refresh his recollection about reviews he performed or other lists or other documents which show compliance with procedures in the Compliance Manual.

In prior reviews I have requested subscription agreements for private offerings of securities which he was able to produce immediately. He was also able to produce originally signed documents based on his archiving system. To prevent tampering or unauthorized access to these documents each computer has access codes.

**d. Agreements with Placement Agents**

In prior reviews I reviewed Placement Agent Agreements but I did not review those agreements for this review. As there was no activity by these Placement Agents, there was nothing to review. There is an existing agreement with Alternative Asset Investment Management Securities, with which there has been never been any activity.

**e. Restricted List and Market Timing**

I reviewed the procedures for the restricted list with Christopher Kelly. They have not changed since the last report. Each person in the Firm is trained to discuss public companies with Christopher Kelly. He periodically reminds each Portfolio Manager of that person's responsibility to discuss public companies and the trading in their securities with him. I reviewed the restricted list.

I discussed the prevention of market timing and discovered that it is easy to prevent at the Firm because it is so small and because there are so few trades executed. Each

trade must be reviewed by Christopher Kelly before it is executed. Unlike most compliance officers, Christopher Kelly is not required to "test" for market timing as he reviews every trade prior to consummation and can determine what is involved.

**f. Overall Supervision**

Unlike most Firms the Chief Compliance Officer sees or speaks with every employee of the Firm almost every day. He literally looks at every transaction the Firm undertakes and he looks at all of the Firm's business. He looks at every trade. He has the ability to inspect all of the Firm's activities with a view toward identifying any negatives.

I spoke to Mr. Kelly specifically about his supervision of Hugh Marasa, the Director of Marketing who resides in San Francisco, California. As Mr. Marasa is the only employee who does not work at the Greenwich or New York offices, it is possible that Mr. Marasa's supervision could be more difficult. Mr. Kelly speaks to Mr. Marasa approximately three times per week and more as necessary. He also reviews his email correspondence to investors.

**C. Testing the Compliance Manual, its procedures and its effectiveness**

I discussed the following Manual responsibilities with Christopher Kelly and verified the descriptions in the Manual.

**I. Responsibilities of Chief Compliance Officer**

**A. Review and modifications of Firm policy**

Mr. Kelly has conducted a review within the last six months.

**B. Form ADV**

I reviewed Form ADV to insure that appropriate changes and descriptions were made. It appears that it reflects the current business of the Firm.

**C. Supervisory responsibilities of various states**

The Firm only has clients in New York and Connecticut and Mr. Kelly is responsible for staying current with any filings or requirements.

**E. 13d and 13g reports**

The Firm has never had to file these reports.

**F. Code of Ethics**

**1. Consent for independent business practices**

Not applicable

**2. Prohibited conduct—conflict of interest**

Mr. Kelly is involved in all discussions of any potential deals and agreements and is able to assess any potential conflicts

**3. Compromising situations**

Mr. Kelly evaluates potential compromising situations on day-to-day basis as they may arise.

4. Personal securities transactions

Employees submit and sign off annually; however, none have occurred this year.

5. Conflict of interest disclosure

Mr. Kelly is involved in these discussions before any transactions are effected.

6. Director of publicly held company

Not applicable

G. Personal Account Trading Policy

Access persons 1. Maintains current records of all personal securities transactions of

2. Pre-approval of all transactions

Mr. Kelly maintains records and pre-approves all transactions.

3. Initial and annual reports—10 and 45 days

The initial report is part of any new hiring package and the annual report is accomplished within the time period.

4. Quarterly personal securities trading report

This report is not required. It is superseded by a pre-approval process which is before the fact rather than after.

5. Transaction record—file for each employee

Mr. Kelly pre-approves all transactions and maintains a record of each form.

6. Test reports for front running, scalping, or other abuses—sign off

Mr. Kelly performs this analysis when he reviews statements and pre-approves transactions.

H. Whistle Blower Policy

1. Open door policy

2. Acknowledge receipt of communications

There has never been an issue of whistleblowing.

I. Periodic Review of Compliance procedures and policies

1. Review annually

Mr. Kelly reviews the policies and procedures on an on-going basis and especially prior to the annual compliance meeting.

2. Compliance training

This training occurs annually in April on the occasion of the annual compliance meeting for Firm personnel.

3. Monitor and test internal compliance through internal audits

Mr. Kelly performs this function by looking at every transaction; however, there have been no transactions this year.

4. Insure proper registration

There is no individual registration.

5. Report violations to a manager

That occurs when there are complaints.

6. Complaints

The Firm has adopted the SEC policy defining a complaint as a written complaint. This year there have been no written complaints. Mr. Kelly explained that better procedures and more third party administrator communication with investors has minimized complaints. As most complaints involved liquidity issues and lack of communication, increased and more timely communication have helped diminish complaints.

J. Maintain Section 204 Books and Records

K. Fiduciary duty

1. Manager's advice in the best interests of the client

Mr. Kelly reviews every transaction prior to execution and has that opportunity to review advice.

L. Custody

Addressed in the narrative above.

M. Quarterly Account Statements

There is an annual audit of each fund. Investors in the Genesis, Vantage, and Select Funds receive monthly reports.

N. Solicitation

See above for discussion of the Placement Agent Agreement. Generally, new investment comes from existing investors or from friends and acquaintances of Martin or Steven Sands.

O. Managers must tell Chief Compliance Officer of fund interests and the Chief Compliance Officer must review offers for compliance.

Mr. Kelly periodically reviews the Private Placement Memoranda for the funds and updates them as necessary.

1. Director of Marketing provides copies of all advertising to CCO prior to use.

The primary ongoing advertising is what is referred to as a Fund Review. These documents are sent to investors monthly and are distributed by the third-party administrator. Mr. Kelly also reviews any presentation to investors as well as occasional letters to investors.

2. Chief Compliance officer must review and approve all advertising.

Mr. Kelly reviews all advertising material prior to its distribution.

P. Disclosures to the public and to regulators

1. Chief Compliance Officer and Managers determine whether amendment must be made.

Chief Compliance officer prepares the amendment. The Firm's size makes it easier for him to know about all of the Firm's activities.

Q. Electronic Communications

1. Chief Compliance Officer supervises

In practice the Chief Compliance Officer is responsible for approval and often preparation.

~~2. Chief Compliance Officer and Executive Assistant review for the~~  
following:

- a. Timely notice
- b. Access is the same as in paper form.
- c. Evidence of delivery
- d. Security

Emails have a back-up system and are accessible by password only. Each individual who may access the system has a password. There is a separate compliance drive to which only Mr. Kelly has access.

3. Chief Compliance Officer monitors the Firm's use of the Internet.

- a. The Firm's website is password protected

There are no individual fund websites. The Firm has a website but only the cover page is accessible to the public. All other pages are password protected. I tested the ability to navigate the website and it is as described above.

- b. If managed accounts, password protection is not required.

There are no managed accounts.

R. Principal and Agency cross-transactions

1. Manager and Chief Compliance Officer review to insure that decisions are made based on the best interests of the client

There were no cross-transactions.

S. Inside Information

1. Questions about inside trading referred to Chief Compliance Officer.
2. Report any inside trading to Manager or Chief Compliance Officer.

There are very few public company trades. Mr. Kelly is aware of them prior to their consummation and reviews them for potential insider trading.

3. Chief Compliance Officer makes the decision about whether employee can trade or not.

4. Chief Compliance Officer supervision
  - a. Provide information on a regular basis
  - b. Answer questions
  - c. Resolve issues
  - d. Review policy and update.

5. Portfolio Managers

- a. Maintain list that the Firm is analyzing.
- b. Maintain restricted list

There is a restricted list based on the companies with which the Firm is involved.

- c. Determine blackout periods
- d. Remind Managers that investment opportunities go first to the clients.
- e. Trade with Section 16 short swing profits rule in mind.
- f. Assign new analyses to non-conflicted employees.

6. Chief Compliance Officer must make a report to the Managers when he suspects inside trading.

No such report has ever been made.

T. Trading practices

1. No IPO without prior approval of Chief Compliance Officer.

The Firm does not purchase IPOs.

2. Chief Compliance Officer must confirm that a trading record reflecting bunched trades is maintained.

No bunched trades.

3. Ample records to insure that there are no manipulative or deceptive trades.

The Chief Compliance Officer reviews all transactions and performs those reviews with manipulative or deceptive practices in mind.

4. Chief Compliance Officer reviews each trader's short sales periodically.

There have been no short sales.

5. The Chief Compliance Officer reviews annually the allocation of brokerage commissions and soft dollar discourse as well as conflict of interest.

All trades cost 1 or 2 cents per share. The Firm typically uses Laidlaw which, because of its affiliation, gives the Firm a discount on trade costs.

6. The Chief Compliance Officer must investigate brokerage allocation and soft dollar abuse complaints from employees:

There are no soft dollar payments to the Firm.

#### U. Complaints

1. Chief Compliance Officer handles all written complaints

Mr. Kelly reviews complaints and maintains a Complaint file. There were no complaints this year. See a more detailed discussion of complaints above.

2. Employees must report all complaints to the Chief Compliance Officer.

#### V. Anti-Money Laundering

1. Reported to Chief Compliance Officer.
2. Evaluate Activities.

There have never been any anti-money laundering referrals.

3. Chief Compliance Officer and Managers to determine if there should be additional action based on the seriousness of the matter.
4. The Chief Compliance Officer may not accept funds from a prospective investor until that person is checked against the OFAC list.
5. The Chief Compliance Officer or his designee must review background information on each prospective investor.
6. The Chief Compliance Officer or his designee must make AML filings in conjunction with the Managers.

2. Responsibilities of the Executive Assistant, Fund Processor, and the Chief Compliance Officer which may be done individually or in combination

Rather than the strict recitation of duties which seem to be required of the Executive Assistant her role is more of a reminder for other people.



A. The Chief Compliance Officer and the Executive Assistant maintain files.

In reality the Executive Assistant has no independent responsibility and the Chief Compliance Officer maintains the compliance files.

B. Deliver the manual and acknowledgment agreement to employees.

This function is performed by the Executive Assistant at the time of hiring.

C. Maintain required balances.

Mr. Kelly has assumed responsibility for this function. This item refers to the balances which must be kept with IARD for registration purposes.

D. Distribute Code of Ethics.

The Executive Assistant delivers this document to new employees.

E. Managers, the Chief Compliance Officer, and the Executive Assistant safeguard information.

The Executive Assistant gives the Chief Compliance Officer correspondence to review and helps send emails to investors.

F. Responsible for compliance with side letters.

There are no side letters which are currently effective. If there were a need to comply with the provisions of a side letter, it would be the Chief Compliance Officer's responsibility.

G. Privacy Policy

The Fund Processor assures that the privacy policy is distributed to investors with written statements.

1. Policy given out with subscription documents
2. Maintain record of recipients of privacy policy

This information is kept in a log and is maintained by the Genesis and Vantage Funds' Fund Processor. The Fund Processor is Greenwich Fund Services.

3. Sent annually to all investors in a fund.
4. The Chief Compliance Officer insures that all service providers observe privacy policies.

H. Deliver Form ADV Part II to any new client

This function is handled by the Fund Processor.

1. Deliver annually—204(3) statement to each client.

I. The Chief Compliance Officer and administrator insure that errors in accounts are corrected to make the client whole.

J. Develop and implement written business continuity plan along with the Chief Compliance Officer and Managers.

The Executive Assistant does participate in the updating of this plan and concentrates on the data processing function and on the updating of information.

K. The Executive Assistant maintains the books and records required by Exhibit B to the manual.

The Executive Assistant has a role but is not solely responsible.

L. Regulatory issues

1. The SEC made two discrete inquiries into SBAM activities.

a. January 2008 transaction involving the Sands Brothers Venture Capital III, LLC and Sands Brothers Venture Capital IV, LLC funds advised by the Firm and Triage Partners, LLC, an entity not advised by the Firm. The Firm has provided the SEC with the requested information.

b. The SEC inquired as to the timing of the distribution of the audited financial statements for funds advised by the Firm. No additional inquiry was made after the initial one. The Firm has provided the SEC with the requested information.

2. The Connecticut Banking Department inquired about filings for exemption of the Firm's funds, an apparent inconsistency for the state of residence on the Firm's website for Hugh Marasa, and a question about disclosure of a Board decision on the Form U-4 for Steven and Martin Sands. The Firm responded with proof of filings, with a change in the website disclosure to reflect Mr. Marasa's new residence, and explained that the Sands brothers are no longer registered, among other items, and do not have a disclosure requirement.

#### IV. Specific Recommendations

Given the periodic review of the Compliance Manual to keep it current, the small size of the Firm, the few employees, and the ability of the Chief Compliance Officer to review each transaction and to speak to each employee of the Firm immediately, the compliance system at the Firm functions well. It is uniquely dependent on the skill of the Chief Compliance Officer. While there are built in back-ups for some of his functions, the Firm relies on the ability of Christopher Kelly to perform these functions.

While the Compliance Manual reflects the roles of the administrators in the compliance process that disclosure should be confirmed.

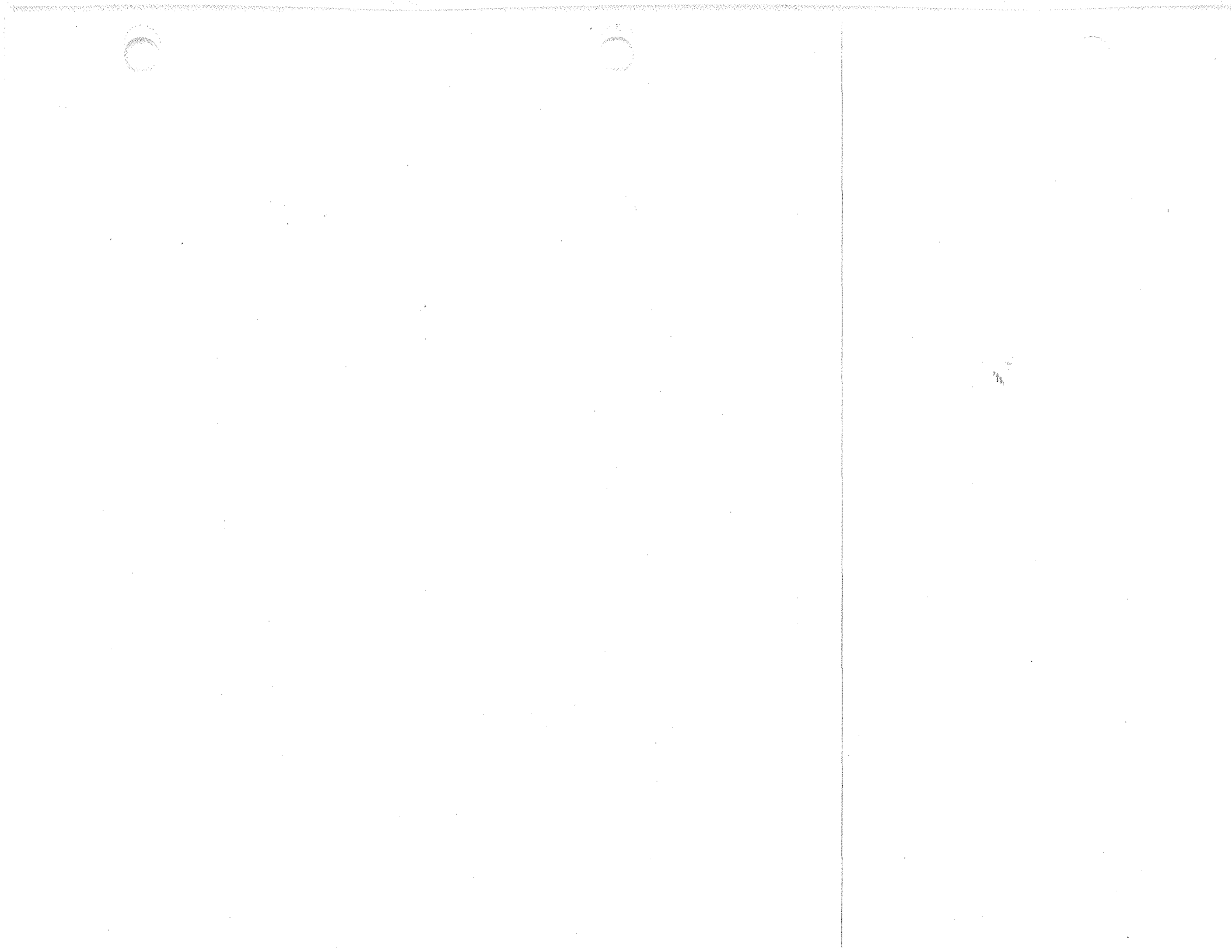
Generally, the Firm's compliance system functions well to prevent reporting and disclosure violations and to insure that information is retained and distributed as necessary. Should Christopher Kelly or Eva Shafer leave the Firm, the Senior Portfolio Managers would be required to find individuals with their skills to perform all of the functions that they perform to insure that the compliance system continues to operate effectively. Substantially all of the

compliance function is performed by Mr. Kelly. Without his hands-on scrutiny the system would probably break down.

The Firm's compliance manual and any other written documents should detail the role that the third party administrator plays in client communication and that not every administrative document sent to investors is reviewed by the Chief Compliance Officer. Although normal compliance would not require such a review, a delineation of the administrator's role is necessary to avoid any confusion.

The withdrawal of individual registrations by Martin S. Sands and Steven B. Sands obviates the need for much of the review which prompted this independent review. Also, this report is the last one required by the 2009 order. To the extent there is any disclosure specifically made as a result of these orders about either principal's registration status, that disclosure can in all likelihood be eliminated.

I make no recommendations about the regulatory inquiries from the SEC or from the Connecticut Banking Department. It appears that the revised Compliance Manual, the existing Chief Compliance Officer, and the increased scrutiny given to compliance seem sufficient to prevent further concerns.



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of: )

SBAM VENTURE CAPITAL FUNDS ) File No. NY-8127

WITNESS: Richard Slavin

PAGES: 1 through 144

PLACE: Securities and Exchange Commission

New York Regional Office

Brookfield Place

200 Vesey Street

New York, New York 10281-1022

DATE: Monday, October 20, 2014

The above-entitled matter came on for investigation,  
pursuant to notice, at 9:38 a.m.

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1 discuss his role.  
 2 Q Do you remember what Martin told you about his  
 3 role?  
 4 A I remember what I asked him, I don't remember  
 5 what he told me.  
 6 Q What did you ask him?  
 7 A I asked him are you aware that you are the  
 8 senior portfolio manager and you have ultimate  
 9 responsibility for the management of the funds which SBAM  
 10 manages. In effect I wanted to confirm and he answered  
 11 yes.  
 12 Q So you do remember his answer?  
 13 A I guess I do.  
 14 Q You wouldn't have put this in here if you  
 15 didn't believe it was correct. Is that right?  
 16 A That's correct.  
 17 Q You go on to say on page SB-000004 "Christopher  
 18 Kelly is the chief compliance officer and chief operating  
 19 officer, he is responsible for the firm's compliance and  
 20 he is responsible for operations which do not involve  
 21 investment decision making." How did you learn that?  
 22 A He told me and I read it.  
 23 Q Where did you read it?  
 24 A I can't remember.  
 25 Q So you believe he told you he was responsible

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1 for operations which do not involve investment decision  
 2 making?  
 3 A Yes.  
 4 Q You can flip to page SB-000007, under Section  
 5 3(b)(f) which is titled "Overall Supervision," are you  
 6 with me?  
 7 A My fault -- I'm with you, yes.  
 8 Q It says "Unlike most firms, the chief  
 9 compliance officer sees or speaks with every employee of  
 10 the firm everyday, he literally looks at every transaction  
 11 the firm undertakes and he looks at all of the firm's  
 12 business, he looks at every trade. He has the ability to  
 13 inspect the firm's activities with a few toward  
 14 identifying any negatives." What did you mean when you  
 15 wrote "He looks at all of the firm's business"?  
 16 A I watched him and the best description I can  
 17 come up with in terms of what he did was looking at all  
 18 the firm's business, everything that went on. It was a  
 19 very small office and he had the ability to look at every  
 20 computer transaction whether it was e-mails or anything  
 21 else, I had no better description for someone who had that  
 22 much ability. There weren't very many transactions. In  
 23 my initial review I watched, I listened, I looked and  
 24 tried to get familiar with how he did his job, so that's  
 25 the best description I can come up with was that.

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1 Q And that last sentence, "He has the ability to  
 2 inspect all of the firm's activities with a view toward  
 3 identifying any negatives." What did you mean by that?  
 4 A If he found something wrong, he could correct  
 5 it, that's my understanding of watching him do his job and  
 6 having him tell me how he did his job. It may have been  
 7 actually his work of negatives but that's my understanding  
 8 as expressed here of what I saw.  
 9 Q Was this provision the result of a conversation  
 10 you had with Mr. Kelly?  
 11 A No.  
 12 Q Well you said identifying any negatives, that  
 13 may have been his word, is that what you just said to me?  
 14 A Right, but I thought I explained that it was a  
 15 lot more than conversation, it was a lot more than  
 16 watching, it was a whole combination of me being on site.  
 17 You couldn't do this job, this independent compliance job  
 18 from the office or by telephone, you had to be there to do  
 19 it. I wasn't there a month but I believed I was there  
 20 sufficient time to watch all of the operations.  
 21 Q I understand, I didn't mean to say that it was  
 22 only the result of that but among other things this may  
 23 have -- the inclusion of this language may have included a  
 24 conversation with Mr. Kelly.  
 25 A Absolutely.

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1 Q Do you remember how often you spoke with Mr.  
 2 Kelly in connection with this initial review?  
 3 A I remember hours.  
 4 Q How many hours?  
 5 A I don't know exactly.  
 6 Q You just told me you remembered hours.  
 7 A You asked me how many hours and I don't  
 8 remember how many hours, I remember hours.  
 9 Q Sorry, what do you mean when you were saying  
 10 you remember hours?  
 11 A Let's go back to what I told you before. I  
 12 told you I was there two days.  
 13 Q Right.  
 14 A And practically all of that time involved  
 15 conversations with Mr. Kelly back and forth, I would ask  
 16 him for a document, he would go get it. While he was  
 17 getting it I would do reading and listening and watching.  
 18 As he came back, I talked to him some more. I'd ask him  
 19 for some other explanations, he would talk about a  
 20 document, I would say "Please, go get the document" and  
 21 we'd repeat the cycle and that went on for hours.  
 22 Q I understand, I'm sorry, I understand. You  
 23 communicated with him for hours, that's your ballpark.  
 24 A Yes. I understand you weren't there and I have  
 25 to do the best I can to explain it to you.

1 Q Keep going.  
 2 A "As well as sending its audits to them." Who  
 3 told me that?  
 4 Q Yes.  
 5 A I saw monthly reports and he told me they send  
 6 audits.  
 7 Q Chris Kelly told you they send audits to fund  
 8 investors.  
 9 A Yes.  
 10 Q Did you ever see the fund audits?  
 11 A That's a good question.  
 12 (Laughter)  
 13 Q I hit one.  
 14 A I can't remember. Generally when Chris Kelly  
 15 mentioned a document to me, I asked to see it. I would  
 16 only be guessing but my guess based on my typical method  
 17 is I asked to see it and I asked him who the PCAOB  
 18 accountant was.  
 19 Q Did you ever ask him to provide support that it  
 20 was -- strike that. Did you ever ask him to provide proof  
 21 that it was sending audits to fund investors?  
 22 A No.  
 23 Q Did you ever ask him when it sent its audits to  
 24 fund investors?  
 25 A I think I did.

1 A I don't remember that he did, it's possible, I  
 2 don't remember.  
 3 Q Do you recall ever discussing this language  
 4 with Martin Sands or Steven Sands?  
 5 A I don't recall that at all.  
 6 Q I apologize if I've asked this already but do  
 7 you recall how many times you spoke to Martin Sands in  
 8 connection with your reviews?  
 9 A I don't think you asked me that one. I don't  
 10 remember how many times.  
 11  
 12 A Three would be my guess.  
 13 Q Were each of those in person?  
 14 A Yes.  
 15 Q Never by phone?  
 16 A Never by phone.  
 17 Q Did you ever correspond with Martin Sands by  
 18 e-mail?  
 19 A If I did, it may have been once, it was not  
 20 their habit to use e-mail, either Martin or Steven Sands.  
 21 Q Did you discuss the fact that it wasn't their  
 22 habit to use e-mail with them?  
 23 A Yes.  
 24 Q What did you say to them?  
 25 A I said "sometimes I have to communicate with

1 Q What did he say?  
 2 A After they were prepared.  
 3 Q Did you ever ask him if the mailings to the  
 4 investors complied with the custody rule deadline?  
 5 A No.  
 6 Q Did you ever do anything to independently  
 7 verify that SBAM was not required to comply with the SEC's  
 8 surprise audit rule?  
 9 A Other than asking him questions about why he  
 10 felt they either had -- why they had to comply or didn't  
 11 have to comply, that was where I stopped.  
 12 Q Can you read the handwritten notes to me that  
 13 are written around this paragraph.  
 14 A Maybe.  
 15 (Laughter)  
 16 Q Can you try to read them for me, please.  
 17 A Thank you for that. I think the first one is  
 18 "get out of surprise audit rule." The second one is  
 19 "subject to custody rules."  
 20 Q And do you know what those notes reflect?  
 21 A Responses to questions I asked Mr. Kelly.  
 22 Q Do you recall -- strike that. Do you recall  
 23 whether Mr. Kelly ever provided you with comments or  
 24 feedback about this language that we've been discussing  
 25 that's in paragraph 8 on page 4?

1 you in a quick fashion," they wanted me to use fax, so we  
 2 did.  
 3 Q Did you ever send them faxes?  
 4 A Yes.  
 5 Q How many?  
 6 A I can't tell you.  
 7 Q Did you save those faxes?  
 8 A Whatever faxes I saved would have been produced  
 9 to you I suspect if they had anything to do with  
 10 compliance review. If they had anything to do with  
 11 anything else, I don't know, I didn't review anything  
 12 else.  
 13 Q Did you check your e-mails before you produced  
 14 documents to the SEC?  
 15 A I don't remember.  
 16 Q The conversations you had with Martin Sands,  
 17 the ballpark three conversations, were they spread out?  
 18 In other words were all three conversations in connection  
 19 with one analysis or did you speak with him at different  
 20 times in connection with different analyses?  
 21 A Three different times.  
 22 Q Three different analyses?  
 23 A Yes.  
 24 Q How many times did you speak to Steven Sands?  
 25 A None about the compliance -- no, that's not

1 financial statements were provided?  
 2 A I don't think his answer was inconsistent with  
 3 what I've been saying before. The nature of these  
 4 examinations I think I've explained is that I asked  
 5 similar questions each year and the answers were often  
 6 similar. So when is a difficult question for me to answer  
 7 because it sometimes runs together, so I have to trust  
 8 what's in the individual exam reports.

9 BYMS. BROWN:

10 Q I don't think you're talking -- I think you're  
 11 talking across purposes. I think her question was what  
 12 did he tell you about whether the audited financial  
 13 statements had been delivered in a timely fashion to  
 14 investors, not when they had been delivered.

15 A I'm not seeing the distinction.

16 Q For our purposes when they were delivered at  
 17 least for the purposes of this question isn't what's  
 18 important, so that's not what we're asking you. What  
 19 we're asking you is whether Chris Kelly told you that the  
 20 audited financial statements had been delivered in a  
 21 timely fashion.

22 A I don't remember.

23 Q If he had told you they weren't delivered in a  
 24 timely fashion, would that have been something you would  
 25 have noted in this report?

1 A Yes.

2 Q And you said he had asked that question before.

3 A We had the discussion about when a surprise  
 4 audit is required, we had a discussion about audits being  
 5 delivered, audited financial statements being delivered to  
 6 investors and the answers were similar.

7 Q Maybe we should get into that. So what was the  
 8 discussion about when a surprise audit is required. What  
 9 was your understanding of what he understood was the  
 10 requirement for a surprise audit, when is it triggered?

11 A My sense is we pulled out the rule and looked  
 12 at it. I can't quote it to you here, I have a general  
 13 understanding of it and it involves their -- it's a  
 14 general rule when custody exists in a firm but there are  
 15 exceptions and SBAM was trying to qualify for one of the  
 16 exemptions and it has to do with the amount of information  
 17 that's given to investors in a fund for example and the  
 18 tests involve audited financial statements, tests involve  
 19 periodic information and there are other exceptions as I  
 20 recall but I don't have it committed to memory.

21 Q Okay. So just -- I'm asking for your  
 22 recollection of your conversations with Chris Kelly, not  
 23 what's in your memory about the custody rule. So with  
 24 that parameter was it your view that Chris Kelly  
 25 understood that if audited financial statements were not

1 delivered to investors in a timely fashion he would  
 2 subject -- SBAM would be subject to the surprise exam  
 3 rule?

4 A My best recollection is that he understood the  
 5 rule as we looked at it.

6 Q You and he had at least the same understanding  
 7 as you were looking at it together.

8 A That's right.

9 Q And was this -- your recollection of looking at  
 10 the rule with Chris Kelly, did you do that one time or  
 11 more than once?

12 A I don't know that I pulled out my CCH or we  
 13 went onto the internet but we discussed the parameters of  
 14 the rule and he certainly seemed knowledgeable about the  
 15 requirements and the exceptions.

16 Q Was that one time or many times?

17 A More than once.

18 BY MS. BERKE:

19 Q Did you and Mr. Kelly ever discuss why the SEC  
 20 was inquiring as to the timing of distribution of their  
 21 audited financial statements?

22 A By the time of this report, Exhibit No. 40, I  
 23 certainly was knowledgeable about the order and we  
 24 discussed it at each occasion of onsite exam in terms of  
 25 the custody rule and the surprise audit.

1 Q So you believed that the inquiry was connected  
 2 to the 2010 order?

3 A As a recall, the situation hadn't changed in  
 4 terms of funds that existed, funds that SBAM managed and  
 5 SBAM's requirements as to disclosure of information. So  
 6 as long as the situation was the same, the questions were  
 7 the same.

8 Q I'm sorry, as long as the situation was the  
 9 same, the questions were the same. Your questions were  
 10 the same?

11 A Yes.

12 Q I just asked because we were talking about the  
 13 SEC's questions and I'm trying to decipher if there's  
 14 anything else that you guys, you and Mr. Kelly discussed  
 15 with regard to why the SEC was asking for this  
 16 information.

17 A The best way I can answer that is to go back to  
 18 the scope of what I was required to do and the scope  
 19 really never changed from day one of doing these  
 20 compliance reviews. I had to come up with a way to test  
 21 the compliance system and that's what I did and each year  
 22 I had to do one of these reports the scope was the same.  
 23 Obviously from your one to year five events changed but  
 24 essentially the business of the firm stayed approximately  
 25 the same. People changed, the compliance manual got

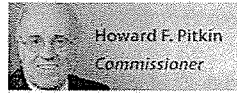




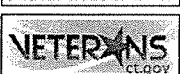
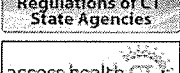
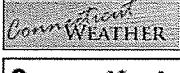
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IN THE MATTER OF:

**SANDS BROTHERS ASSET  
MANAGEMENT LLC**

(CRD NO. 110076)

("Respondent")

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**STIPULATION  
AND AGREEMENT**

**Docket No. RCF-2007-7093-S**

**WHEREAS**, the Banking Commissioner ("Commissioner") is charged with the administration of Chapter 672a of the Connecticut General Statutes, the Connecticut Uniform Securities Act ("Act"), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies promulgated under the Act ("Regulations");

**WHEREAS**, the Commissioner, through the Securities and Business Investments Division ("Division") of the Department of Banking, conducted an investigation pursuant to Section 36b-26(a) of the Act into the activities of Respondent to determine whether it had violated, was violating or was about to violate any provisions of the Act or Regulations ("Investigation");

**WHEREAS**, on November 29, 2004, Respondent, Laidlaw & Company (UK) Ltd., f/k/a Sands Brothers International Ltd. ("Laidlaw") (CRD No. 119037), and Martin Scott Sands (CRD No. 1186904) ("Martin Sands"), a registered broker-dealer agent of Laidlaw, entered into a consent order with the Commissioner ("2004 Consent Order"), pursuant to Section 36b-15(a) of the Act, conditioning the registration of Martin Sands as an investment adviser agent of Respondent, and requiring reporting of his securities-related activities by, *inter alia*, Respondent;

**WHEREAS**, as one of the conditions ordered by the Commissioner in the 2004 Consent Order, Respondent was required to, *inter alia*, "notify the Division Director in writing each calendar quarter of any securities-related complaints, actions or proceedings (including arbitrations and updates thereto) involving . . . [Martin Sands] which occur during the quarter, including the disposition thereof. Such report shall be provided no later than ten business days following the close of the quarter and shall include any written reprimands, censures or warnings issued by . . . [Respondent] to . . . [Martin Sands]. If no complaints, actions, proceedings, firm actions or updates exist for the quarter, the report shall so indicate. The first report shall cover the quarter ending December 31, 2004, and the final report shall cover the quarter ending December 31, 2006";

**WHEREAS**, as a result of the Investigation, the Division alleges that Respondent failed to disclose: (1) an October 1, 2004, claim for arbitration filed against Martin Sands with the National Association of Securities Dealers ("NASD") in the quarterly report filed with the Division Director for the quarter ending December 31, 2004; (2) a May 16, 2005, Consent Order of Withdrawal issued against Martin Sands by the State of Illinois, Secretary of State, Securities Department, in the quarterly report filed with the Division Director for the quarter ending June 30, 2005; and (3) a February 1, 2006, Settlement Agreement and Release of the NASD arbitration claims in the quarterly report filed with the Division Director for the quarter ending March 31, 2006;

**WHEREAS**, as a result of the Investigation, the Division alleges that Respondent, in violation of Section 36a-23 of the Act, filed quarterly reports with the Commissioner which were, at the time and in the light of the circumstances under which they were made, false or misleading in any material respect and omitted to state a material fact;

**WHEREAS**, on May 18, 2007, the Commissioner, acting pursuant to Sections 36b-27(a), 36b-15(a) and 36b-27(d) of the Act and Section 4-182(c) of the Connecticut General Statutes, issued an Order to Cease and Desist, Notice of Intent to Revoke Registration as Broker-Dealer, Notice of Intent to Fine ("Fine Notice") and Notice of Right to Hearing (collectively "Order") against, *inter alia*, Respondent, which Order is incorporated by reference herein;

**WHEREAS**, the Order stated that the Commissioner had ordered Respondent to cease and desist from violating the Consent Order and Section 36b-23 of the Act; that the Commissioner intended to impose a fine against Respondent; that a hearing would be held on July 17, 2007, on the matters alleged in the Fine Notice ("Fine Hearing"); and that, if Respondent failed to appear at the Fine Hearing, the Commissioner

may order that a maximum fine of Four Hundred Thousand Dollars (\$400,000) be imposed upon Respondent;

**WHEREAS**, Respondent requested a hearing on the matters alleged in the Order ("Hearing");

**WHEREAS**, Respondent and the Division requested continuances of the Fine Hearing and Hearing;

**WHEREAS**, the Fine Hearing and Hearing are currently subject to an open-ended continuance;

**WHEREAS**, Respondent, through its execution of this Stipulation and Agreement, without either admitting or denying the Commissioner's allegations set forth in the Order, voluntarily enters into this Stipulation and Agreement solely for the purpose of obviating the need for formal administrative proceedings concerning the allegations contained in the Order;

**WHEREAS**, an administrative proceeding initiated under Sections 36b-15(a) and 36b-27 of the Act and Section 4-182(c) of the Connecticut General Statutes would constitute a "contested case" within the meaning of Section 4-166(2) of the Connecticut General Statutes;

**WHEREAS**, Section 4-177(c) of the Connecticut General Statutes and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by stipulation, unless precluded by law;

**WHEREAS**, Respondent and the Commissioner now desire to resolve the matters alleged in the Order;

**WHEREAS**, Respondent agrees that the Order may be used in construing the terms of this Stipulation and Agreement and agrees to the language in this Stipulation and Agreement;

**AND WHEREAS**, Respondent, through its execution of this Stipulation and Agreement, voluntarily waives any rights it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Stipulation and Agreement.

**NOW THEREFORE**, the parties hereto agree and stipulate as follows:

1. Respondent shall cease and desist from violating the Act, Regulations and orders thereunder, including, but not limited to, the 2004 Consent Order and Section 36b-23 of the Act;
2. Respondent shall:
  - (i) No later than the date of the issuance of this Stipulation and Agreement, designate and retain an independent consultant(s) ("Consultant") sufficiently experienced in securities regulatory, supervisory, and compliance issues, specifically knowledgeable about the Act and Regulations, and not unacceptable to the Division Director, to conduct an initial written review ("Initial Review") and four (4) subsequent compliance reviews ("Compliance Reviews"). The Initial Review shall examine Respondent's supervisory and compliance policies and procedures and the adequacy of current compliance employee staffing and experience levels, and make recommendations to ensure that such compliance policies and procedures safeguard against violations of the Act and Regulations. The Compliance Reviews shall examine and detail Respondent's ongoing compliance with the recommendations made in the Initial Review, make recommendations to ensure that Respondent's compliance policies and procedures continue to safeguard against violations of the Act or Regulations and any orders issued thereunder, and ensure that all compliance employee staffing and experience levels continue to be adequate;
  - (ii) Within ninety (90) days of the issuance of this Stipulation and Agreement, submit a copy of the Initial Review to the Division Director; within six (6) months of the submission of the Initial Review, submit a copy of the first Compliance Review; within six (6) months of the submission of the first Compliance Review, submit a copy of the second Compliance Review; within one (1) year of the submission of the second Compliance Review, submit a copy of the third Compliance Review; within one (1) year of the submission of the third Compliance Review, submit a copy of the fourth and final Compliance Review;
  - (iii) Submit, simultaneously with the Initial Review and each Compliance Review, a written report to the Division Director, signed and attested to by the Chief Compliance Officer of Respondent, disclosing any securities-related complaints, actions or proceedings (including arbitrations and updates thereto) which occur during the relevant time period, including the disposition thereof ("Litigation Report"). If no complaints, actions, proceedings, firm actions or updates exist for the relevant time period, the Litigation Report shall so indicate;
  - (iv) Submit, simultaneously with the Initial Review and each Compliance Review, a written report to the Division Director, signed and attested to by the Chief Compliance Officer of Respondent, indicating the steps that have been taken to implement the Consultant's recommendations found in the Initial Review and each Compliance Review;
  - (v) In the event that a determination be made at any time not to implement any particular recommendation(s) made by the Consultant, provide a written explanation to the Division Director indicating the reason(s) for not implementing such recommendation(s); and
  - (vi) In the event that the Consultant is terminated or ceases working for Respondent prior to the submission of the final Compliance Review, immediately notify the Division Director in writing and provide the Division Director with a written statement detailing the circumstances surrounding the departure. In a timely fashion thereafter, retain a new Consultant sufficiently experienced in securities regulatory, supervisory, and compliance issues, specifically knowledgeable with the Act and Regulations, and not unacceptable to the Division Director;

3. Commencing on the date of the issuance of this Stipulation and Agreement and for a period of four (4) years, Respondent shall provide access to any and all books, papers, correspondence, memoranda, agreements or other documents or records which the Commissioner deems necessary to determine whether Respondent, or any of its principals, officers, agents, employees and representatives, has violated, is violating or is about to violate any provisions of the Act or Regulations;
4. In the event that the Chief Compliance Officer is terminated or ceases working for Respondent prior to the submission of the final Compliance Review, Respondent shall immediately notify the Division Director in writing and provide the Division Director with a written statement detailing the circumstances surrounding the departure. In a timely fashion thereafter, retain a new Chief Compliance Officer sufficiently experienced in securities regulatory, supervisory, and compliance issues, specifically knowledgeable about the Act and Regulations, and not unacceptable to the Division Director;
5. No later than the date this Stipulation and Agreement is issued by the Commissioner, Respondent shall remit to the Department of Banking, by cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of Forty-two Thousand Five Hundred Dollars (\$42,500) representing an administrative fine of Thirty-two Thousand Five Hundred Dollars (\$32,500) and investigative costs of Ten Thousand Dollars (\$10,000);
6. Execution of this Stipulation and Agreement by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against Respondent and any of its principals, officers, agents, employees and representatives based upon a violation of this Stipulation and Agreement or if any representation made by Respondent and reflected herein is subsequently discovered to be untrue. For purposes of this paragraph, any violation of this Stipulation and Agreement shall be deemed to be a violation of an order of the Commissioner; and
7. This Stipulation and Agreement shall become binding when executed by the Commissioner.

**IN WITNESS WHEREOF**, the parties hereto have executed this Stipulation and Agreement on the dates indicated.

\_\_\_\_\_/s/\_\_\_\_\_  
Howard F. Pitkin  
Banking Commissioner

Executed at Hartford, Connecticut,  
this 9th day of September 2009.

I, Martin Sands, state on behalf of Sands Brothers Asset Management, LLC, that I have read the foregoing Stipulation and Agreement; that I know and fully understand its contents; that I am authorized to execute this Stipulation and Agreement on behalf of Sands Brothers Asset Management, LLC; that Sands Brothers Asset Management, LLC agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that Sands Brothers Asset Management, LLC consents to the issuance of this Stipulation and Agreement, expressly waiving any right to a hearing on the matters described herein.

By \_\_\_\_\_/s/\_\_\_\_\_  
Name: Martin Sands  
Title: [blank in original]  
Sands Brothers Asset Management LLC

State of: Connecticut

County of: Fairfield

On this the 27th day of Aug, before me, Theresa M. Bildt, the undersigned officer, personally appeared Martin S. Sands, who acknowledged himself to be the Co-Chairman of Sands Brothers Asset Management LLC, a limited liability company, and that he, as such Co-Chairman, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as Co-Chairman.

In witness whereof I hereunto set my hand.

\_\_\_\_\_/s/\_\_\_\_\_  
Notary Public/Commissioner of the Superior Court  
Date Commission Expires: 10/31/2013

I, Steven Sands, state on behalf of Sands Brothers Asset Management, LLC, that I have read the foregoing Stipulation and Agreement; that I know and fully understand its contents; that I am authorized to execute this Stipulation and Agreement on behalf of Sands Brothers Asset Management, LLC; that Sands Brothers Asset Management, LLC agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that Sands Brothers Asset Management, LLC consents to the issuance of this Stipulation and Agreement, expressly waiving any right to a hearing on the matters described herein.

By \_\_\_\_\_/s/\_\_\_\_\_  
Name: Steven Sands  
Title: [blank in original]  
Sands Brothers Asset Management LLC

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Administrative Orders and Settlements

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

NORTHEAST REGIONAL OFFICE

IN REPLYING PLEASE QUOTE

7 WORLD TRADE CENTER  
NEW YORK, N.Y. 10048

NY-IA3-059-99

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

February 8, 1999

Mr. Martin Sands  
Sands Brothers Asset Management, LLC.  
90 Park Avenue  
New York, N.Y. 10016

Re: Sands Brothers Asset Management, LLC.

File No. 801-55699  
("SBAM")

Dear Mr. Sands:

The examination of the books and records of Sands Brothers Asset Management, LLC. ("SBAM") conducted pursuant to Section 204 of the Investment Advisers Act of 1940 ("Advisers Act") revealed the following:

- I. Brochure Disclosure/Delivery  
Rule 204-1 of the Investment Advisers Act of  
1940 ("Advisers Act")

SBAM's Form ADV, dated June 25, 1998, does not accurately reflect certain information about its advisory business and should be amended accordingly.

A. Rule 204-1(b)(1) of the Advisers Act requires advisers to promptly file an amendment to Form ADV whenever any specific information, previously filed on such form

becomes inaccurate.

2

SBAM currently discloses its investment or brokerage practices on Schedule F pursuant to Item 11A. The aforementioned disclosure should instead be provided on Schedule F pursuant to Part II, Item 12.

B. Rule 204-1(b)(2) of the Advisers Act requires advisers to file an amendment to Form ADV correcting the item specified in this subsection within 90 days of the end of the fiscal year.

1. Schedule D pursuant to Part I, Item 12 should disclose that Steven Sands serves on the board of directors of the following public companies: Brightpoint, Inc., The Village Green Bookstore, Inc., Semiconductor Packaging Materials Co., Inc. and Command Securities, Inc. Additionally, Schedule D should disclose that Steven Sands serves on the board of directors of the following non-public companies: MC Equities and Pittsburgh Brewing Co.

2. Part I, Item 7 should disclose that SBAM is registered with the Securities and Exchange Commission.

3. Part I, Items 18A and 18B should accurately reflect the value of client securities portfolios under management as of SBAM's current fiscal year-end.

4. Part I, Item 19 should not be checked "yes" since SBAM does not manage any securities portfolios on a non-discretionary basis.

5. The Schedule I filed October 23, 1998 incorrectly states that SBAM has \$42 million under management. The staff's review revealed that SBAM only has \$28.6 million under management. SBAM should correct its Schedule I accordingly.

## II. CUSTODY REQUIREMENTS

### Rule 206(4)-2 of the Advisers Act

SBAM discloses in its Form ADV that it does not have custody and possession of advisory clients' funds or securities. However, the examination revealed that as a result of certain arrangements, SBAM appears to have custody and possession of client assets as follows:

SBAM serves as the investment adviser to 7 limited partnerships, i.e. Jenna, Jenna II, Lily, Trigger, KABP, Owl and CCGF. SBAM also serves as the investment adviser to 1 private investment limited liability company, i.e. SB Special. In addition, Steven Sands and you, individually and/or collectively own and control the General Partner of 6 of the limited partnerships and the Member-Manager of the limited liability company. As a result, Steven Sands and you appear to have access to the assets of the abovementioned entities as detailed below:

In the Limited Partnership Agreements of Jenna, Jenna II, Lily and Owl under Article III entitled Rights and Duties of the General Partner and in the Limited Partnership Agreement of KABP under Article II entitled Management of the Partnership, the General Partner is granted the authority to:

"...open, maintain and close bank accounts and draw checks or other orders for the payment of monies..."

In addition, the Limited Partnership Agreement of Trigger under Section 3.1 entitled Powers of the General Partner, states the following:

"(b) No person dealing with the Partnership shall be required to inquire into the power and authority of the General Partner to take any action or make any decisions. The signature of the General Partner upon any and all instruments, contracts, stock powers...and other documents shall be sufficient to bind the Partnership in respect thereof and no third person need look to the application of funds or authority to act or require joinder of any other party."

Further, the Operating Agreement of SB Special under Section 6.1 entitled Bank Accounts states the following:

"The funds of the Company shall be deposited in such bank account or accounts as the Manager(s) determine are required for the purpose, and the Manager(s) shall arrange for the appropriate conduct of such accounts (including without limitation, the designation of one or more signatories therefor)."

~~The staff was informed that you are the signatory for SB Special's account.~~

Consequently, SBAM, through Steven Sands and you appears to have access to the assets of the abovementioned advisory clients.

In its interpretive opinion, GBU, Inc. (April 22, 1993) and PIMS, Inc. (October 21, 1991), the Division of Investment Management has not objected to certain practices and procedures that investment advisers have adopted in order not to be deemed as having custody and possession of partnership assets and be exempted from the requirements of Rule 206(4)-2 of the Advisers Act. In brief, directives must be provided to an independent custodian which limit an adviser's access to the partnership's funds and securities and their transfer and all disbursements to the adviser must be authorized by an independent representative. Moreover, an attorney or accountant of the general partner of a limited partnership would not be deemed independent.

Among other requirements, paragraph (a)(5) of Rule 206(4)-2 requires that all client funds and securities must be verified by actual examination at least once each calendar year by an independent public accountant at a time chosen by the accountant without prior notice to the adviser. Furthermore, a certificate of such accountant stating that he has made an examination of such funds and securities and describing the nature and extent of the examination must be filed with the Commission on Form ADV-E. Advisers Act Release No. 201 describes the accountant's certificate required to be filed in connection with the surprise examination. In addition, SBAM would be required to file annually with the Commission an audited balance sheet on Schedule G of Form ADV and also maintain additional books and records as required by Rule 204-2(b) of the Advisers Act. SBAM would also have to disclose that it has custody of client funds and securities in Part I, Items 13A, B, and C of its Form ADV.

### III. BOOKS AND RECORDS

#### Rule 204-2 of the Advisers Act

Rule 204-2 of the Advisers Act requires that advisers make and keep true, accurate and current books and records relating to their advisory business. The examination revealed the following deficiencies:

~~1. Rule 204-2(a)(3) requires advisers to maintain a memorandum of each order given by the investment adviser for the purchase or sale of any security, of any instruction received by the investment adviser from the client concerning the purchase, sale, receipt or delivery of a particular security, and of any modification or cancellation of any such order or instruction. Such memoranda must show the terms and conditions of the order, instruction, modification or cancellation; must identify the person connected with the investment adviser who recommended the transaction to the client and the person who placed such order; and must show the account for which entered, the date of entry, and the bank, broker or dealer by or through whom executed where appropriate. Orders entered pursuant to the exercise of discretionary power must be so designated.~~

Occasionally, SBAM's order memoranda failed to identify the person who placed such order as required by Rule 204-2(a)(3) of the Advisers Act.

2. Rule 204-2(a)(6) requires advisers to maintain all trial balances, financial statements, and internal audit working papers relating to the business of such investment adviser.

~~SBAM failed to maintain financial statements, i.e. a balance sheet and income statement, as required by Rule 204-2(a)(6) of the Advisers Act. SBAM's outside counsel advised the staff that SBAM will be preparing financial statements for its fiscal year-end, i.e. December 31, 1998. The staff requests that SBAM provide such financial statements upon their completion.~~



3. Rule 204-2(e)(1) requires that all books and records required to be made under the provisions of paragraphs (a) to (c)(1), inclusive, of this rule (except for books and records required to be made under the provisions of paragraphs (a)(11) and (a)(16) of this rule), shall be maintained and preserved in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the last entry was made on such record, the first two years in an appropriate office of the investment adviser.

The staff found that SBAM did not maintain the offering documents for SB Special and CCGF in an appropriate office of the adviser for the required two year period. The staff was informed that the records were maintained at the offices of SBAM's outside counsel. Pursuant to the staff's request, the aforementioned records were brought to the offices of SBAM for the staff's review.

The deficiencies and/or violations of law described above are brought to your attention for immediate corrective action, without regard to any other action(s) that the Commission may take or require to be taken as a result of the examination. In addition, the fact that this letter does not comment on other aspects of SBAM's activities should not be construed to mean such activities comply with the federal securities laws.

Please respond in writing within thirty days describing the steps you have taken or intend to take with respect to each of these matters to:

John J. Costello  
Assistant Regional Director  
Northeast Regional Office  
7 World Trade Center  
New York, N.Y. 10048

In addition, a copy of your reply, together with copies of any enclosures, should be sent to:

Marita Zernik  
Office of Compliance Inspections & Examinations  
(Mail Stop 9-1)  
U.S. Securities and Exchange Commission  
450 Fifth St., N.W.  
Washington, D.C. 20549

Sincerely yours,

-----  
John J. Costello  
Assistant Regional  
Director



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
NEW YORK REGIONAL OFFICE  
3 World Financial Center, Suite 4300  
New York, NY 10281-1022

**FORMAL REQUEST LIST**

Sands Brothers Asset Management, LLC ("SBAM")  
Sands Brothers Venture Capital, LLC ("VC")  
Sands Brothers Venture Capital, LLC ("VC II")  
Sands Brothers Venture Capital, LLC ("VC III")  
Sands Brothers Venture Capital, LLC ("VC IV") (Collectively, "VC Funds")  
Katie and Adam Bridge Partners, L.P. ("K&A")  
Granite Associates, LLC ("Granite")  
280 Ventures LLC ("280")  
Genesis Merchant Partners, L.P. ("Genesis")  
Select Access (Institutional) LLC ("SA Institutional")  
Select Access LLC ("SA")  
Select Access Offshore Ltd. ("SA Offshore")  
Select Access III LLC ("SA III") (Collectively, "SA Funds")  
SB Opportunity Technology Associates Institution LLC ("SB Opportunity")

Attention of: Christopher Kelly

Requested by: SEC

Date: January 16, 2009

Request No.: 3

Please promptly provide the following item(s) for review.

4. *Please provide documentation that supports the distribution of the audited financial statements to investors of the private funds managed by SBAM for the year ended 2007 pursuant to Rule 206(4)-2 of the Advisers Act.*

**SB Opportunity**

We regular mailed the 2007 audited financials to all LP's on file as of 12/31/07 on or around 10/20/08, shortly after we received them from the accountants.

**SA, SA Institutional, SA III**

We regular mailed the 2007 audited financials to all LP's on file as of 12/31/07 on or around 9/09/08, shortly after we received them from the accountants.

**SA Offshore**

We regular mailed the 2007 audited financials to all investor's on file as of 12/31/07 on or around 10/21/08, shortly after we received them from the accountants.

4. Please provide documentation that supports the distribution of the audited financial statements to investors of the private funds managed by SBAM for the year ended 2007 pursuant to Rule 206(4)-2 of the Advisers Act.

### SEC Request Number 3

4. Please provide documentation that supports the distribution of the audited financial statements to investors of the private funds managed by SBAM for the year ended 2007 pursuant to Rule 206(4)-2 of the Advisers Act.

PLEASE SEE ATTACHED DOCUMENTATION, which includes:

For the SBVC Funds I-IV, Katie & Adam Bridge Partners, LP, 280 Ventures, LLC, and Granite Associate, LLC., copies and examples of:

1. 2007 Year End audited financials;
2. Investor letter for SBVC Funds I-IV; and,
3. Personal Account Valuation.



# CORNICK, GARBER & SANDLER, LLP

Certified Public Accountants

## Independent Auditors' Report

To the Partners of  
Granite Associates, LLC  
New York, New York

We have audited the accompanying statement of assets and liabilities of GRANITE ASSOCIATES, LLC, including the condensed schedule of investments, as at December 31, 2007, and the related statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Granite Associates, LLC as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$108,195 representing approximately 109% of net assets at December 31, 2007, of which investments representing approximately 106% of net assets at December 31, 2007 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
August 28, 2008





# Lilling & Company LLP

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT


To the Partners  
Katie and Adam Bridge Partners, L.P.  
New York, New York

We have audited the accompanying statement of assets and liabilities of Katie and Adam Bridge Partners, L.P., including the condensed schedule of investments, as of December 31, 2007 and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial statements include investments, valued at \$889,809 (53.2% of partners' capital), whose values have been estimated by the General Partner in the absence of readily ascertainable market values. We have reviewed the procedures used by the General Partner in arriving at its estimate of value of such securities and have inspected the underlying documentation, and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Because of the significance of the matter described in the preceding paragraph, we are unable to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.



**CERTIFIED PUBLIC ACCOUNTANTS**

*July 30, 2008*



**Independent Auditors' Report**

**To the Partners of  
280 Ventures LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of 280 VENTURES LLC, including the condensed schedule of investments, as at December 31, 2007, and the related statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 280 Ventures LLC as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$644,592 representing approximately 100% of net assets at December 31, 2007, of which investments representing approximately 92% of net assets at December 31, 2007 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
August 28, 2008**



**CORNICK, GARBER & SANDLER, LLP**

Certified Public Accountants

**Independent Auditors' Report**

**To the Partners of  
Sands Brothers Venture Capital LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL LLC, including the condensed schedule of investments, as at December 31, 2007, and the related statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital LLC as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$4,186,660 representing approximately 111.3% of net assets at December 31, 2007, of which investments representing 81.0% of net assets at December 31, 2007 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
August 18, 2008**



# CORNICK, GARBER & SANDLER, LLP

Certified Public Accountants

## Independent Auditors' Report

To the Partners of  
Sands Brothers Venture Capital II LLC  
New York, New York

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL II LLC, including the condensed schedule of investments, as at December 31, 2007, and the related statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital II LLC as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$5,518,592 representing approximately 71.5% of net assets at December 31, 2007, of which investments representing 55.0% of net assets at December 31, 2007 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
August 18, 2008





**CORNICK, GARBER & SANDLER, LLP**

Certified Public Accountants

**Independent Auditors' Report**

**To the Partners of  
Sands Brothers Venture Capital III LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL III LLC, including the condensed schedule of investments, as at December 31, 2007, and the related statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital III LLC as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$18,682,997 representing approximately 51.6% of net assets at December 31, 2007, of which investments representing 34.0% of net assets at December 31, 2007 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
August 18, 2008**



# CORNICK, GARBER & SANDLER, LLP

Certified Public Accountants

## Independent Auditors' Report

To the Partners of  
Sands Brothers Venture Capital IV LLC  
New York, New York

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL IV LLC, including the condensed schedule of investments, as at December 31, 2007, and the related statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital IV LLC as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$8,172,701 representing approximately 95.7% of net assets at December 31, 2007, of which investments representing 59.1% of net assets at December 31, 2007 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

  
CORNICK, GARBER & SANDLER, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
August 18, 2008



**John Lanser III**

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**From:** John Lanser  
**Sent:** Friday, June 06, 2008 3:33 PM  
**To:** admin  
**Subject:** Genesis Audited Financials  
**Attachments:** 2007 Genesis Audit.pdf

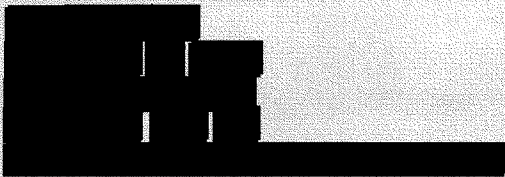
Dear Investors,

Please find the 2007 audited financials for Genesis Merchant Partners, LP attached.

As always, please do not hesitate to call us with any questions or comments.

Best Regards,

John Lanser  
Operations Assistant  
Select Access Funds /  
Genesis Merchant Partners

  
The following notice is based on U.S. Treasury Regulations governing practice before the Internal Revenue Service ("IRS"): (i) any U.S. federal tax advice contained herein, including any opinion of counsel referred to herein, is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding U.S. federal tax penalties that may be imposed on the taxpayer; (ii) any such advice is written to support the motion or marketing of the transactions described herein (or in any such opinion of counsel); and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Alternative investments such as the Funds are subject to less regulation than other types of pooled investment vehicles, may be illiquid and can involve a significant use of leverage, making them substantially riskier than other investments. Any investor who subscribes, or proposes to subscribe, for an investment in the Fund must: (1) be able to bear the risks involved and (2) must meet the Funds' suitability requirements. Investments in the Funds may not be suitable for certain investors. No assurance can be given that the Funds' investment objectives will be achieved. Any decision to invest in the Funds described herein should be made after reviewing the definitive private placement memorandum for the Fund and all related Fund documents, conducting such investigations as the investor deems necessary and consulting the investor's own investment, legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the Funds.



UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:

*Attached is a copy of the Order Instituting Administrative and Cease-and-Desist Proceedings dated October 22, 2010, in the matter of Sands Brothers Asset Management LLC, Steven Sands, and Martin Sands, Administrative Proceeding File No. 3-14097.*

on file in this Commission

10/28/2014

Date

JOSEPH  
HORNEMAN

Digitally signed by JOSEPH HORNEMAN  
DN: cn=JOSEPH HORNEMAN,  
o=U.S. Securities and Exchange Commission, cn=JOSEPH  
HORNEMAN  
Date: 2014.10.28 12:42:33 -0400

Joseph Horneman, Management and Program Analyst

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

*Brent J. Filer*  
Secretary

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940  
Release No. 3099 / October 22, 2010

ADMINISTRATIVE PROCEEDING  
File No. 3-14097

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In the Matter of	:	ORDER INSTITUTING ADMINISTRATIVE
	:	AND CEASE-AND-DESIST PROCEEDINGS,
	:	MAKING FINDINGS, AND IMPOSING
SANDS BROTHERS ASSET	:	REMEDIAL SANCTIONS AND A CEASE-
MANAGEMENT LLC,	:	AND-DESIST ORDER PURSUANT TO
STEVEN SANDS, AND	:	SECTIONS 203(e), 203(f), AND 203(k) OF
MARTIN SANDS,	:	THE INVESTMENT ADVISERS ACT OF
	:	1940
Respondents.	:	
	:	
	:	

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I.

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The Securities and Exchange Commission (the "Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 (the "Advisers Act") against Sands Brothers Asset Management LLC ("SBAM"), Steven Sands ("S. Sands"), and Martin Sands ("M. Sands").

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II.

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In anticipation of the institution of these proceedings, SBAM, S. Sands, and M. Sands have submitted an Offer of Settlement (the "Offer"), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, SBAM, S. Sands, and M. Sands consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, as set forth below.

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### III.

On the basis of this Order and SBAM, S. Sands, and M. Sands' Offer, the Commission finds that:

#### RESPONDENTS

1. **SBAM**, a New York limited liability company formed in June 1998, has been registered with the Commission as an investment adviser since July 1998. SBAM maintains offices in New York, New York and provides portfolio management and investment advisory services to its clients, among which are a number of funds organized as limited liability companies or limited partnerships. According to its Form ADV filed on March 22, 2010, SBAM has \$95,340,474 in assets under management.

2. **S. Sands**, age 51, resides in Locust Valley, New York. He is a direct owner and currently serves as co-chairman of Sands Brothers Asset Management Ltd., the manager of SBAM. S. Sands is also a founder, partner and senior portfolio manager of SBAM. S. Sands is also currently employed as a registered representative at Lane Capital Markets LLC, a broker-dealer located in Greenwich, CT, and was formerly employed as a registered representative at Laidlaw & Company (UK) Ltd., a broker-dealer with its main office in London, England. He maintains Series 7, 24, and 63 licenses.

3. **M. Sands**, age 49, resides in Greenwich, Connecticut. He is a direct owner and currently serves as co-chairman of Sands Brothers Asset Management Ltd., the manager of SBAM. M. Sands is also a founder, partner and senior portfolio manager of SBAM. M. Sands is also currently employed as a registered representative at Lane Capital Markets LLC and was also formerly employed as a registered representative at Laidlaw & Company (UK) Ltd. He maintains Series 3, 7, 8, 24 and 63 licenses.

#### FACTS

4. These proceedings stem from the failures of SBAM, an investment adviser registered with the Commission, to comply with certain record-keeping and other provisions of the Advisers Act. In particular, SBAM violated (i) Section 204 of the Advisers Act and Rule 204(2) governing the retention and production to the staff upon request of certain required documents and books and records; (ii) Section 206(4) of the Advisers Act and Rule 206(4)-2 governing the delivery of account statements and surprise examination requirements for certain SBAM funds; and (iii) Sections 204 and 207 of the Advisers Act and Rule 204-1 governing the disclosures and amendments to SBAM's investment adviser registration statement on Form ADV. M. Sands and S. Sands, sometimes acting through employees and agents including compliance personnel, were principal contact persons for SBAM in responding to the Commission staff's inquiries and otherwise communicating with the staff during examinations of SBAM. As the lead principals of SBAM, S. Sands and M. Sands, acting through employees and agents including compliance personnel, were also responsible for ensuring that SBAM's filings on Form ADV were accurate and up to date.



### Advisers Act Books And Records Deficiencies

5. Section 204 of the Advisers Act provides that every investment adviser who makes use of the mails or interstate commerce in connection with its advisory business shall make and keep for prescribed periods those records that the Commission, by rule, may prescribe as necessary, and that all records are "subject at any time, or from time to time, to such reasonable periodic, special, or other examinations by representatives of the Commission as the Commission deems necessary or appropriate in the public interest or for the protection of investors." Rule 204-2(a) sets forth certain categories of books and records that registered investment advisers are required to "make and keep true, accurate and current" with respect to their investment advisory business. Rule 204-2(b) sets forth categories of additional documents that must be maintained by registered investment advisers that have custody of client assets.

6. SBAM failed to maintain or provide to the staff, among other things, the following documents relating to one or more of its advisory clients: bank and brokerage account opening documents for certain advisory clients, as required by Rule 204-2(a)(10); bank account statements for certain advisory clients, as required by Rule 204-2(a)(7); brokerage account statements or similar records, as required by Rules 204-2(b)(3) and (4); certain client advisory contracts, as required by Rule 204-2(a)(10); order memoranda detailing each purchase, sale, receipt or delivery of securities on behalf of certain advisory clients, as required by Rule 204-2(a)(3); securities transaction confirmations for certain advisory clients, as required by Rule 204-2(b)(3); and documentation of deposits into and payments out of certain client accounts, as required by Rules 204-2(b)(1) and (2).

### Advisers Act Custody Rule Deficiencies

7. SBAM failed to comply with the provisions of Section 206(4) of the Advisers Act and Rule 206(4)-2(a) thereunder, which, during the relevant period,<sup>1</sup> imposed on registered investment advisers, like SBAM, that have custody of clients' funds or securities certain requirements concerning the distribution of client account statements and surprise examinations for certain funds. Rule 206(4)-2(a)(3) required investment advisers with custody of client assets (i) to have a reasonable belief that a qualified custodian holding the client assets, such as a bank or a broker-dealer, was providing quarterly account statements directly to the clients or (ii) to send quarterly account statements directly to their clients and have an independent public accountant conduct a surprise examination of the funds at least once a year.

8. During the relevant period, Rule 206(4)-2(b)(3) provided an exception to the requirements of Rule 206(4)-2(a)(3) if the client is organized as a limited partnership, limited liability company or similar pooled investment vehicle. In such cases, the adviser need not comply with Rule 206(4)-2(a)(3) provided that the funds' financial statements are subject to an annual audit by an independent accountant, such financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), and the financial statements are distributed to investors in accordance with the Rule.

<sup>1</sup> Rule 206(4)-2 of the Advisers Act was amended on December 30, 2009.

9. With respect to several SBAM funds organized as limited partnerships or limited liability companies, SBAM improperly relied on the custody rule exception that was, at the time, set forth at Rule 206(4)-2(b)(3). The staff's exam revealed that the year-end December 31, 2003 financial statements for nine funds managed by SBAM came with the auditor's disclaimer of opinion. The auditor's disclaimer of opinion states that the auditor does not express an opinion on the financial statements. According to AU 508 paragraph 61, the auditor disclaims his or her opinion "whenever he or she is unable to form or has not formed an opinion as to the fairness of presentation of the financial statements in conformity with generally accepted accounting principles." Footnote 21 to paragraph 63 of AU 508 also notes that when an opinion is disclaimed, the auditor's report states that the auditor was "engaged to audit" because the auditor was not able to perform an audit in accordance with U.S. generally accepted auditing standards ("GAAS"). Accordingly, a disclaimer of opinion does not constitute the performance of an audit in accordance with GAAS and, therefore, fails to satisfy the custody rule exception requirements that the financial statements be prepared in accordance with GAAP and that an audit be performed in accordance with GAAS. In addition, the staff's exam revealed that the year-end December 31, 2007 financial statements for eight funds and four funds of funds managed by SBAM were not distributed to investors in accordance with the Rule. Because SBAM did not satisfy the exception in Rule 206(4)-2(b)(3), it was obligated to comply with Rule 206(4)-2(a)(3), which it failed to do.

#### **Advisers Act Form ADV Deficiencies**

10. Section 203(c) of the Advisers Act requires registered investment advisers, like SBAM, to file with the Commission, and Rule 204-1 requires them to periodically update, their registration statement on Form ADV. SBAM's annual and periodic investment adviser registration statements on Form ADV were deficient in several respects. For example, SBAM's Form ADV for the year ended December 31, 2003, which was filed with the Commission on March 17, 2004, contained several material misstatements and inaccuracies. First, the Form ADV incorrectly stated that SBAM did not maintain custody of client assets. SBAM did maintain custody of client assets due to its principals' direct access to such assets. Second, the Form ADV incorrectly stated that the owners of SBAM were the "Loius Trust" and the "Sunquam Trust." Documents provided to the staff show that the owners of SBAM were the "Julios Trust" and the "Targhee Trust."

11. SBAM's subsequent Forms ADV repeated certain of these misstatements. On May 9, 2008 and June 12, 2008, SBAM filed amended Forms ADV that again incorrectly stated that SBAM did not have custody of client assets.

12. SBAM also failed to file its annual amendment to Form ADV for the year ended December 31, 2004. The amended Form ADV was required to be filed within 90 days of the close of the year and was required to include such material information as the amount of assets under management and the number of client accounts for the year. However, SBAM failed to file any amended Form ADV for the 2004 reporting period.

### VIOLATIONS

13. As a result of the conduct described above,
- (a) SBAM willfully violated Section 204 of the Advisers Act and Rules 204-2(a) and 204-2(b) thereunder, which, among other things, impose upon every registered investment adviser the duty to make, keep and furnish copies of certain books and records as the Commission, by rule, prescribes as necessary or appropriate in the public interest or for the protection of investors;
  - (b) SBAM willfully violated Section 204 of the Advisers Act and Rule 204-1, which require a registered investment adviser to amend its Form ADV at least annually, within 90 days of the end of its fiscal year or more frequently, if, among other things, certain specified information becomes inaccurate in any way, or where the investment adviser's successions, participation or interest in client transactions, information regarding the adviser's control persons or its other business activities, or information provided in its brochure becomes materially inaccurate;
  - (c) SBAM willfully violated Section 206(4) and Rule 206(4)-2 thereunder, which, among other things, impose on investment advisers that have custody of client funds or securities certain requirements with respect to the preparation and disseminations of client account statements and surprise examinations for certain funds;
  - (d) SBAM willfully violated Section 207 of the Advisers Act, which prohibits any person from willfully making any untrue statement of a material fact in any registration application or report, such as Form ADV, filed with the Commission under Section 203 or Section 204 of the Advisers Act, or willfully omitting in any such application or report any material fact which is required to be stated therein; and
  - (e) S. Sands and M. Sands willfully aided and abetted and caused SBAM's violations of Sections 204, 206(4), and 207 of the Advisers Act Rules 204-1, 204-2(a) and (b) and 206(4)-2 thereunder.

### UNDERTAKINGS

Respondent SBAM has undertaken to:

14. Provide to the Commission staff copies of all periodic written reports prepared by the third-party independent compliance consultant retained by SBAM in connection with its September 9, 2009 Stipulation and Agreement, Docket No. RCF-2007-7093-S, with the State of Connecticut, Department of Banking.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in the Respondents' Offer.

Accordingly, pursuant to Sections 203(c), 203(f), and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. SBAM, S. Sands and M. Sands shall cease and desist from committing or causing any violations and any future violations of Sections 204, 206(4), and 207 of the Advisers Act and Rules 204-1, 204-2(a) and (b), and 206(4)-2 thereunder.

B. SBAM, S. Sands, and M. Sands are censured; and

C. SBAM shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$60,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies the payee as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Karen Lee, Staff Attorney, Securities and Exchange Commission, Division of Enforcement, New York Regional Office, 3 World Financial Center, Suite 400, New York, NY 10281.

D. Such civil money penalty may be distributed pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 ("Fair Fund distribution"). Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that it shall not, after offset or reduction in any Related Investor Action based on Respondent's payment of disgorgement in this action, argue that it is entitled to, nor shall it further benefit by offset or reduction of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

E. Respondent SBAM shall comply with the undertakings set forth in Section III, paragraph 14, above.

By the Commission.



Elizabeth M. Murphy  
Secretary

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

**ADMINISTRATIVE PROCEEDING**

File No.

In the Matter of

Sands Brothers Asset Management LLC,  
Steven Sands, and Martin Sands,

Respondents.

**OFFER OF SETTLEMENT  
OF SANDS BROTHERS ASSET  
MANAGEMENT LLC, STEVEN  
SANDS, AND MARTIN SANDS**

**I.**

Sands Brothers Asset Management LLC ("SBAM"), Steven Sands ("S. Sands"), and Martin Sands ("M. Sands"), pursuant to Rule 240(a) of the Rules of Practice of the Securities and Exchange Commission ("Commission") [17 C.F.R. § 201.240(a)], submit this Offer of Settlement ("Offer") in anticipation of public administrative and cease-and-desist proceedings to be instituted against them by the Commission, pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act").

**II.**

This Offer is submitted solely for the purpose of settling these proceedings, with the express understanding that it will not be used in any way in these or any other proceedings, unless the Offer is accepted by the Commission. If the Offer is not accepted by the Commission, the Offer is withdrawn without prejudice to SBAM, S. Sands and M. Sands and shall not become part of the record in these or any other proceedings, except for the waiver expressed in Section V with respect to Rule 240(c)(5) of the Commission's Rules of Practice [17 C.F.R. § 201.240(c)(5)].

**III.**

On the basis of the foregoing, SBAM, M. Sands, and S. Sands hereby:

A. Admit the jurisdiction of the Commission over them and over the matters set forth in the Order Instituting Administrative and Cease-and Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 (the "Order");

B. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission or in which the Commission is a party, prior to a hearing pursuant to the Commission's Rules of Practice, 17 C.F.R. § 201.100 et seq., and without admitting or denying the findings contained in the Order, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, consent to the entry of an Order by the Commission containing the following findings set forth below:

### RESPONDENTS

1. **SBAM**, a New York limited liability company formed in June 1998, has been registered with the Commission as an investment adviser since July 1998. SBAM maintains offices in New York, New York and provides portfolio management and investment advisory services to its clients, among which are a number of funds organized as limited liability companies or limited partnerships. According to its Form ADV filed on March 22, 2010, SBAM has \$95,340,474 in assets under management.

2. **S. Sands**, age 51, resides in Locust Valley, New York. He is a direct owner and currently serves as co-chairman of Sands Brothers Asset Management Ltd., the manager of SBAM. S. Sands is also a founder, partner and senior portfolio manager of SBAM. S. Sands is also currently employed as a registered representative at Lane Capital Markets LLC, a broker-dealer located in Greenwich, CT, and was formerly employed as a registered representative at Laidlaw & Company (UK) Ltd., a broker-dealer with its main office in London, England. He maintains Series 7, 24, and 63 licenses.

3. **M. Sands**, age 49, resides in Greenwich, Connecticut. He is a direct owner and currently serves as co-chairman of Sands Brothers Asset Management Ltd., the manager of SBAM. M. Sands is also a founder, partner and senior portfolio manager of SBAM. M. Sands is also currently employed as a registered representative at Lane Capital Markets LLC and was also formerly employed as a registered representative at Laidlaw & Company (UK) Ltd. He maintains Series 3, 7, 8, 24 and 63 licenses.

### FACTS

4. These proceedings stem from the failures of SBAM, an investment adviser registered with the Commission, to comply with certain record-keeping and other provisions of the Advisers Act. In particular, SBAM violated (i) Section 204 of the Advisers Act and Rule 204(2) governing the retention and production to the staff upon request of certain required documents and books and records; (ii) Section 206(4) of the Advisers Act and Rule 206(4)-2 governing the delivery of account statements and surprise examination requirements for certain SBAM funds; and (iii) Sections 204 and 207 of the Advisers Act and Rule 204-1 governing the disclosures and amendments to SBAM's investment adviser registration statement on Form ADV. M. Sands and S. Sands, sometimes acting through employees and agents including compliance personnel, were principal contact persons for SBAM in responding to the Commission staff's inquiries and otherwise communicating with the staff during examinations of SBAM. As the lead principals of SBAM, S. Sands and M. Sands, acting through employees and

agents including compliance personnel, were also responsible for ensuring that SBAM's filings on Form ADV were accurate and up to date.

#### **Advisers Act Books And Records Deficiencies**

5. Section 204 of the Advisers Act provides that every investment adviser who makes use of the mails or interstate commerce in connection with its advisory business shall make and keep for prescribed periods those records that the Commission, by rule, may prescribe as necessary, and that all records are "subject at any time, or from time to time, to such reasonable periodic, special, or other examinations by representatives of the Commission as the Commission deems necessary or appropriate in the public interest or for the protection of investors." Rule 204-2(a) sets forth certain categories of books and records that registered investment advisers are required to "make and keep true, accurate and current" with respect to their investment advisory business. Rule 204-2(b) sets forth categories of additional documents that must be maintained by registered investment advisers that have custody of client assets.

6. SBAM failed to maintain or provide to the staff, among other things, the following documents relating to one or more of its advisory clients: bank and brokerage account opening documents for certain advisory clients, as required by Rule 204-2(a)(10); bank account statements for certain advisory clients, as required by Rule 204-2(a)(7); brokerage account statements or similar records, as required by Rules 204-2(b)(3) and (4); certain client advisory contracts, as required by Rule 204-2(a)(10); order memoranda detailing each purchase, sale, receipt or delivery of securities on behalf of certain advisory clients, as required by Rule 204-2(a)(3); securities transaction confirmations for certain advisory clients, as required by Rule 204-2(b)(3); and documentation of deposits into and payments out of certain client accounts, as required by Rules 204-2(b)(1) and (2).

#### **Advisers Act Custody Rule Deficiencies**

7. SBAM failed to comply with the provisions of Section 206(4) of the Advisers Act and Rule 206(4)-2(a) thereunder, which, during the relevant period,<sup>1</sup> imposed on registered investment advisers, like SBAM, that have custody of clients' funds or securities certain requirements concerning the distribution of client account statements and surprise examinations for certain funds. Rule 206(4)-2(a)(3) required investment advisers with custody of client assets (i) to have a reasonable belief that a qualified custodian holding the client assets, such as a bank or a broker-dealer, was providing quarterly account statements directly to the clients or (ii) to send quarterly account statements directly to their clients and have an independent public accountant conduct a surprise examination of the funds at least once a year.

8. During the relevant period, Rule 206(4)-2(b)(3) provided an exception to the requirements of Rule 206(4)-2(a)(3) if the client is organized as a limited partnership, limited liability company or similar pooled investment vehicle. In such cases, the adviser need not comply with Rule 206(4)-2(a)(3) provided that the funds' financial statements are subject to an annual audit by an independent accountant, such financial statements are prepared in accordance

<sup>1</sup> Rule 206(4)-2 of the Advisers Act was amended on December 30, 2009.



with U.S. generally accepted accounting principles ("GAAP"), and the financial statements are distributed to investors in accordance with the Rule.

9. With respect to several SBAM funds organized as limited partnerships or limited liability companies, SBAM improperly relied on the custody rule exception that was, at the time, set forth at Rule 206(4)-2(b)(3). The staff's exam revealed that the year-end December 31, 2003 financial statements for nine funds managed by SBAM came with the auditor's disclaimer of opinion. The auditor's disclaimer of opinion states that the auditor does not express an opinion on the financial statements. According to AU 508 paragraph 61, the auditor disclaims his or her opinion "whenever he or she is unable to form or has not formed an opinion as to the fairness of presentation of the financial statements in conformity with generally accepted accounting principles." Footnote 21 to paragraph 63 of AU 508 also notes that when an opinion is disclaimed, the auditor's report states that the auditor was "engaged to audit" because the auditor was not able to perform an audit in accordance with U.S. generally accepted auditing standards ("GAAS"). Accordingly, a disclaimer of opinion does not constitute the performance of an audit in accordance with GAAS and, therefore, fails to satisfy the custody rule exception requirements that the financial statements be prepared in accordance with GAAP and that an audit be performed in accordance with GAAS. In addition, the staff's exam revealed that the year-end December 31, 2007 financial statements for eight funds and four funds of funds managed by SBAM were not distributed to investors in accordance with the Rule. Because SBAM did not satisfy the exception in Rule 206(4)-2(b)(3), it was obligated to comply with Rule 206(4)-2(a)(3), which it failed to do.

#### **Advisers Act Form ADV Deficiencies**

10. Section 203(c) of the Advisers Act requires registered investment advisers, like SBAM, to file with the Commission, and Rule 204-1 requires them to periodically update, their registration statement on Form ADV. SBAM's annual and periodic investment adviser registration statements on Form ADV were deficient in several respects. For example, SBAM's Form ADV for the year ended December 31, 2003, which was filed with the Commission on March 17, 2004, contained several material misstatements and inaccuracies. First, the Form ADV incorrectly stated that SBAM did not maintain custody of client assets. SBAM did maintain custody of client assets due to its principals' direct access to such assets. Second, the Form ADV incorrectly stated that the owners of SBAM were the "Loius Trust" and the "Sunquam Trust." Documents provided to the staff show that the owners of SBAM were the "Julios Trust" and the "Targhee Trust."

11. SBAM's subsequent Forms ADV repeated certain of these misstatements. On May 9, 2008 and June 12, 2008, SBAM filed amended Forms ADV that again incorrectly stated that SBAM did not have custody of client assets.

12. SBAM also failed to file its annual amendment to Form ADV for the year ended December 31, 2004. The amended Form ADV was required to be filed within 90 days of the close of the year and was required to include such material information as the amount of assets under management and the number of client accounts for the year. However, SBAM failed to file any amended Form ADV for the 2004 reporting period.

### VIOLATIONS

13. As a result of the conduct described above,
- (a) SBAM willfully violated Section 204 of the Advisers Act and Rules 204-2(a) and 204-2(b) thereunder, which, among other things, imposes upon every registered investment adviser the duty to make, keep and furnish copies of certain books and records as the Commission, by rule, prescribes as necessary or appropriate in the public interest or for the protection of investors;
  - (b) SBAM willfully violated Section 204 of the Advisers Act and Rule 204-1, which requires a registered investment adviser to amend its Form ADV at least annually, within 90 days of the end of its fiscal year or more frequently, if, among other things, certain specified information becomes inaccurate in any way, or where the investment adviser's successions, participation or interest in client transactions, information regarding the adviser's control persons or its other business activities, or information provided in its brochure becomes materially inaccurate;
  - (c) SBAM willfully violated Section 206(4) and Rule 206(4)-2 thereunder, which, among other things, impose on investment advisers that have custody of client funds or securities certain requirements with respect to the preparation and disseminations of client account statements and surprise examinations for certain funds;
  - (d) SBAM willfully violated Section 207 of the Advisers Act, which prohibits any person from willfully making any untrue statement of a material fact in any registration application or report, such as Form ADV, filed with the Commission under Section 203 or Section 204 of the Advisers Act, or willfully omitting in any such application or report any material fact which is required to be stated therein; and
  - (e) S. Sands and M. Sands willfully aided and abetted and caused SBAM's violations of Sections 204, 206(4), and 207 of the Advisers Act and Rules 204-1, 204-2, and 206(4)-2 thereunder.

### UNDERTAKINGS

Respondent SBAM has undertaken to:

14. Provide to the Commission staff copies of all periodic written reports prepared by the third-party independent compliance consultant retained by SBAM in connection with its September 9, 2009 Stipulation and Agreement, Docket No. RCF-2007-7093-S, with the State of Connecticut, Department of Banking.

IV.

On the basis of the foregoing, SBAM, S. Sands and M. Sands hereby consent to the entry of an Order by the Commission imposing the following sanctions, pursuant to Sections 203(e), 203(f), and 203(k) of the Advisers Act:

A. SBAM, S. Sands and M. Sands shall cease and desist from committing or causing any violations and any future violations of Sections 204, 206(4), and 207 of the Advisers Act and Rules 204-1, 204-2, and 206(4)-2 thereunder.

B. SBAM, S. Sands, and M. Sands are censured; and

C. SBAM shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$60,000. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies the payee as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Karen Lee, Staff Attorney, Securities and Exchange Commission, Division of Enforcement, New York Regional Office, 3 World Financial Center, Suite 400, New York, NY 10281.

D. Such civil money penalty may be distributed pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 ("Fair Fund distribution"). Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that it shall not, after offset or reduction in any Related Investor Action based on Respondent's payment of disgorgement in this action, argue that it is entitled to, nor shall it further benefit by offset or reduction of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

E. Respondent SBAM shall comply with the undertakings set forth in Section III, paragraph 14, above.

V.

By submitting this Offer, SBAM, S. Sands, and M. Sands hereby acknowledge their waiver of those rights specified in Rules 204(c)(4) and (5) [17 C.F.R. § 201.240(c)(4) and (5)] of the Commission's Rules of Practice. SBAM, S. Sands, and M. Sands also hereby waive service of the Order and agree that the Order takes effect upon entry.

VI.

SBAM, S. Sands, and M. Sands understand and agree to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings" (17 C.F.R. § 202.5(e)). In compliance with this policy, SBAM, S. Sands, and M. Sands agree: (i) not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any finding in the Order or creating the impression that the Order is without factual basis; and (ii) that upon the filing of this Offer of Settlement, SBAM, S. Sands, and M. Sands hereby withdraw any papers previously filed in this proceeding to the extent that they deny, directly or indirectly, any finding in the Order. If SBAM, S. Sands, or M. Sands breach this agreement, the Division of Enforcement may petition the Commission to vacate the Order and restore this proceeding to its active docket. Nothing in this provision affects SBAM, S. Sands, and M. Sands': (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

VII.

Consistent with the provisions of 17 C.F.R. § 202.5(f), SBAM, S. Sands, and M. Sands waive any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein.

VIII.

SBAM, S. Sands, and M. Sands hereby waive any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by SBAM, S. Sands, and M. Sands to defend against this action. For these purposes, SBAM, S. Sands, and M. Sands agree that they are not the prevailing party in this action since the parties have reached a good faith settlement.

IX.

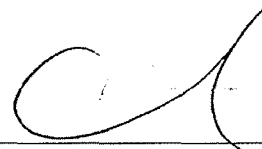
SBAM, S. Sands, and M. Sands agree that they shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including, but not limited to, payment made pursuant to any insurance policy, with regard to any penalty amounts that SBAM shall pay pursuant to the Order, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. SBAM, S. Sands,

and M. Sands further agree that they shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state or local tax for any penalty amounts that SBAM shall pay pursuant to the Order, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

X.

SBAM, S. Sands, and M. Sands state that they have read and understand the foregoing Offer, that this Offer is made voluntarily, and that no promises, offers, threats, or inducements of any kind or nature whatsoever have been made by the Commission or any member, officer, employee, agent, or representative of the Commission in consideration of this Offer or otherwise to induce it to submit to this Offer.

13<sup>th</sup> Day of September 2010



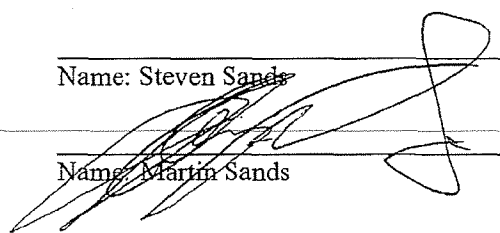
Name: Sands Brothers Asset Management, LLC

By: Charles H. Wang

Title: VP

Name: ~~Steven Sands~~

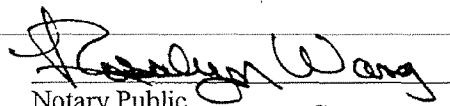
Name: ~~Martin Sands~~



STATE OF Connecticut }  
COUNTY OF Fairfield }

SS:

The foregoing instrument was acknowledged before me this 13<sup>th</sup> day of September, 2010, by Steven Sands and Martin Sands, who  are personally known to me or  who have produced a \_\_\_\_\_ as identification and who did take an oath.

  
Notary Public  
State of New York  
Commission Number : \_\_\_\_\_  
Commission Expiration : \_\_\_\_\_

RCSALYN WARG  
Notary Public - State of New York  
No. [REDACTED]  
Qualified in Westchester County  
My Commission Expires August 25, 2012

and M. Sands further agree that they shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state or local tax for any penalty amounts that SBAM shall pay pursuant to the Order, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

X.

SBAM, S. Sands, and M. Sands state that they have read and understand the foregoing Offer, that this Offer is made voluntarily, and that no promises, offers, threats, or inducements of any kind or nature whatsoever have been made by the Commission or any member, officer, employee, agent, or representative of the Commission in consideration of this Offer or otherwise to induce it to submit to this Offer.

13 Day of September

Name: Sands Brothers Asset Management, LLC  
By: \_\_\_\_\_

Title: \_\_\_\_\_

Name: Steven Sands

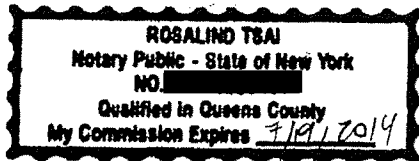
Name: Martin Sands

STATE OF New York }  
COUNTY OF New York }

SS:

The foregoing instrument was acknowledged before me this 13 day of September 2010, by Steven Sands and Martin Sands, who is ~~are~~ personally known to me or \_\_\_\_\_ who have produced a \_\_\_\_\_ as identification and who did take an oath.

Rosalind Tsai  
Notary Public  
State of New York  
Commission Number : \_\_\_\_\_  
Commission Expiration : 7/19/2014





**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

January 11, 2011

Sands Brothers Venture Capital LLC  
15 Valley Drive  
Greenwich, Connecticut 06831

Attention: Christopher Kelly  
Chief Operating Officer  
Sands Brothers Asset Management, LLC

Re: Sands Brothers Venture Capital LLC  
Sands Brothers Venture Capital II LLC  
Sands Brothers Venture Capital III LLC  
Sands Brothers Venture Capital IV LLC

Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for the above-referenced entities ("the Companies") for the year ended December 31, 2010. We will audit the statements of assets and liabilities as at December 31, 2010 and the related statements of operations, changes in net assets and cash flows for the year then ended.

Our audits will be made in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records of the Companies and other procedures we consider necessary to enable us to express unqualified opinions that the aforementioned financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. If our opinions are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audits, we will not issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence that support the transactions recorded in the accounts, tests of the direct confirmation of cash, investments and certain other assets and liabilities by correspondence with customers, creditors, and financial institutions. Also, we will request written representations from your attorneys as part of the engagement and they may bill you for responding to that inquiry. At the conclusion of our audits, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. Our audits are designed to provide reasonable, not absolute, assurance about whether the financial statements are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. The Companies' management is responsible for establishing and maintaining a sound system of internal control, which is the best means of preventing or detecting errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations.

**Cornick, Garber & Sandler, LLP**

825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936  
50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

cgscpa.com

CGS2014\_000661

SEC-NY8127-000000674



January 11, 2011

Sands Brothers Venture Capital LLC

Page Two

An audit includes obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, we will ensure that those charged with governance are aware of any significant deficiencies that come to our attention.

We understand that you will provide us with the basic information required for our audits and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate accounting principles and their application but the responsibility for the financial statements remains with you. This management responsibility includes (a) establishing and maintaining adequate records and related internal control policies and procedures, (b) selecting and applying accounting principles, (c) safeguarding assets, and (d) identifying and ensuring that the entity complies with laws and regulations applicable to its activities.

Management is responsible for making all financial records and related information available to us. Management is also responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the management representation letter that the effects of any uncorrected misstatements, resulting from errors or fraud, aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for (a) the design and implementation of programs and controls to prevent and detect fraud, (b) for informing us about any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements, and (c) for informing us about any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or with company personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and

January 11, 2011

Sands Brothers Venture Capital LLC

Page Three

analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Our engagement does not include the preparation of any federal, state or local tax or information returns, which we understand will be prepared and filed by you.

Our responsibility to provide the foregoing services is limited to the periods covered by our audit and does not extend to any later periods for which we have not been specifically engaged to perform such services.

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

Our billings for the aforementioned services will be based on the time expended by our partners and employees who perform services on this engagement, in addition to miscellaneous "out-of-pocket" expenses. We will render interim billings on account as we perform our work during the year. Since our bills are rendered after the performance of our services and the incurrence of our costs, they are payable within 30 days of presentation. In accordance with our firm's policy, if your account becomes overdue, work may be suspended and/or interest charges may be imposed. All disputes arising out of our services in connection with this engagement (including those regarding the scope, nature and quality of the services performed by us) shall be submitted to arbitration before and under the commercial rules of the American Arbitration Association and all determinations of the arbitrator shall be final and binding.

During the course of the engagement we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

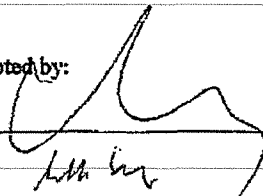
If the foregoing is in accordance with your understanding, please indicate your agreement by signing the duplicate copy of this letter and returning it to us. If you have any questions, please let us know.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Very truly yours,

*Cornick, Garber & Sandler, LLP*  
CORNICK, GARBNER & SANDLER, LLP

Accepted by:

  
\_\_\_\_\_



**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

January 11, 2011

Sands Brothers Asset Management, LLC  
[REDACTED]

Attention: Christopher Kelly  
Chief Operating Officer  
Sands Brothers Asset Management, LLC

Re: Genesis Merchant Partners, LP  
Genesis Merchant Partners II, LP  
Vantage Point Partners, LP

Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for the above-referenced entities ("the Companies") for the year ended December 31, 2010. We will audit the statements of assets and liabilities as at December 31, 2010 and the related statements of operations, changes in net assets and cash flows for the year then ended.

Our audits will be made in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records of the Companies and other procedures we consider necessary to enable us to express unqualified opinions that the aforementioned financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. If our opinions are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audits, we will not issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence that support the transactions recorded in the accounts, tests of the direct confirmation of cash, investments and certain other assets and liabilities by correspondence with customers, creditors, and financial institutions. Also, we will request written representations from your attorneys as part of the engagement and they may bill you for responding to that inquiry. At the conclusion of our audits, we will also request certain written representations from management about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. Our audits are designed to provide reasonable, not absolute, assurance about whether the financial statements are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. The Companies' management is responsible for establishing and maintaining a sound system of internal control, which is the best means of preventing or detecting errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations.

Cornick, Garber & Sandler, LLP  
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CGS2014\_000323

SEC-NY8127-000000336

January 11, 2011

Sands Brothers Asset Management, LLC

Page Two

An audit includes obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, we will ensure that those charged with governance are aware of any significant deficiencies that come to our attention.

We understand that you will provide us with the basic information required for our audits and that management is responsible for the accuracy and completeness of that information. We may advise you about appropriate accounting principles and their application but the responsibility for the financial statements remains with you. This management responsibility includes (a) establishing and maintaining adequate records and related internal control policies and procedures, (b) selecting and applying accounting principles, (c) safeguarding assets, and (d) identifying and ensuring that the entity complies with laws and regulations applicable to its activities.

Management is responsible for making all financial records and related information available to us. Management is also responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the management representation letter that the effects of any uncorrected misstatements, resulting from errors or fraud, aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for (a) the design and implementation of programs and controls to prevent and detect fraud, (b) for informing us about any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements, and (c) for informing us about any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or with company personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and

January 11, 2011

Sands Brothers Asset Management, LLC

Page Three

analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Our engagement does not include the preparation of the federal and related state income tax returns or other federal, state or local tax or information returns of the Companies, which we understand will be prepared and filed by management or others engaged by management.

Our responsibility to provide the foregoing services is limited to the period covered by our audits and does not extend to any later periods for which we have not been specifically engaged to perform such services.

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

Our billings for the aforementioned services will be based on the time expended by our partners and employees who perform services on this engagement, in addition to miscellaneous "out-of-pocket" expenses. We will render interim billings on account as we perform our work during the year. Since our bills are rendered after the performance of our services and the incurrence of our costs, they are payable within 30 days of presentation. In accordance with our firm's policy, if your account becomes overdue, work may be suspended and/or interest charges may be imposed. All disputes arising out of our services in connection with this engagement (including those regarding the scope, nature and quality of the services performed by us) shall be submitted to arbitration before and under the commercial rules of the American Arbitration Association and all determinations of the arbitrator shall be final and binding.

During the course of the engagement we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

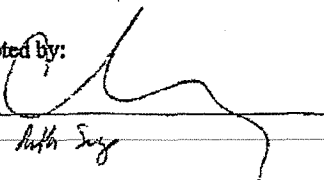
If the foregoing is in accordance with your understanding, please indicate your agreement by signing the duplicate copy of this letter and returning it to us. If you have any questions, please let us know.

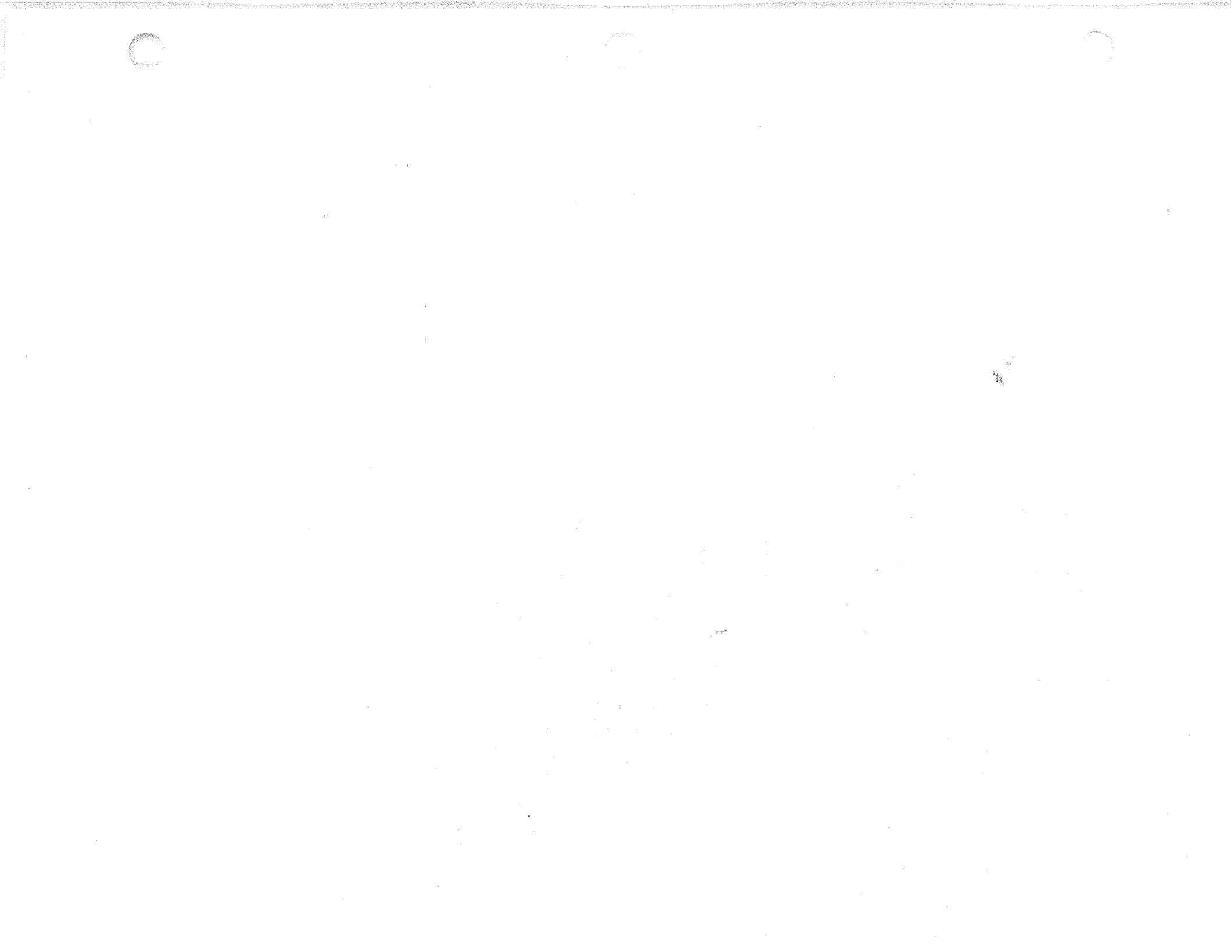
We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Very truly yours,

*Cornick, Garber & Sandler, LLP*  
CORNICK, GARBER & SANDLER, LLP

Accepted by:

  
Ruth Szyg



January 11, 2011

Sands Brothers Venture Capital LLC  
[REDACTED]

Attention: Christopher Kelly  
Chief Operating Officer  
Sands Brothers Asset Management, LLC

Re: Granite Associates, LLC  
Katie and Adam Bridge Partners, L.P.  
280 Ventures LLC

Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for the above-referenced entities ("the Companies") for the year ended December 31, 2010. We will audit the statements of assets and liabilities as at December 31, 2010 and the related statements of operations, changes in net assets and cash flows for the year then ended.

Our audits will be made in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records of the Companies and other procedures we consider necessary to enable us to express unqualified opinions that the aforementioned financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. If our opinions are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audits, we will not issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence that support the transactions recorded in the accounts, tests of the direct confirmation of cash, investments and certain other assets and liabilities by correspondence with customers, creditors, and financial institutions. Also, we will request written representations from your attorneys as part of the engagement and they may bill you for responding to that inquiry. At the conclusion of our audits, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. Our audits are designed to provide reasonable, not absolute, assurance about whether the financial statements are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. The Companies' management is responsible for establishing and maintaining a sound system of internal control, which is the best means of preventing or detecting errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations.

**Cornick, Garber & Sandler, LLP**

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SEC-CGS-E-0015029

SEC-NY8127-000079596



January 11, 2011

Sands Brothers Venture Capital LLC

Page Two

An audit includes obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, we will ensure that those charged with governance are aware of any significant deficiencies that come to our attention.

We understand that you will provide us with the basic information required for our audits and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate accounting principles and their application and we will prepare the financial statements, including related footnote disclosures and submit drafts thereof to you for acceptance and approval but the responsibility for the financial statements remains with you. This management responsibility includes (a) establishing and maintaining adequate records and related internal control policies and procedures, (b) selecting and applying accounting principles, (c) safeguarding assets, and (d) identifying and ensuring that the entity complies with laws and regulations applicable to its activities.

Management is responsible for making all financial records and related information available to us. Management is also responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the management representation letter that the effects of any uncorrected misstatements, resulting from errors or fraud, aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for (a) the design and implementation of programs and controls to prevent and detect fraud, (b) for informing us about any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements, and (c) for informing us about any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or with company personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

January 11, 2011

Sands Brothers Venture Capital LLC

Page Three

We will also review the statement of assets and liabilities of the Companies as at March 31, 2011, June 30, 2011 and September 30, 2011 and the related statements of changes in net assets and cash flows for each of the quarterly interim periods then ended, in accordance with standards for accounting and review services issued by the American Institute of Certified Public Accountants. These financial statements and related footnote disclosures will also be prepared by us, subject to your acceptance and approval of drafts to be submitted but the responsibility for these financial statements rests with you.

Our reviews will consist primarily of inquiries of the Companies' personnel and analytical procedures applied to financial data and we will require a representation letter from management. A review does not contemplate obtaining an understanding of internal control, except as it pertains to the preparation of interim financial statements, or assessing control risks, test of accounting records and responses to inquiries by obtaining corroborating evidential matter and certain other procedures ordinarily performed during an audit. Thus, a review does not provide assurance that we will become aware of all significant matters that would be disclosed in an audit.

Our review engagements cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, we will inform you of any material errors and any evidence or information that comes to our attention and any fraud or illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify significant deficiencies or material weaknesses in the Companies' internal control as part of this aspect of our engagement. We will not perform an audit of such interim financial statements, the objective of which is the expression of an opinion regarding the financial statements taken as a whole and, accordingly, we will not express such an opinion on them.

Upon completion of such reviews, written review reports will be issued. However, if, for any reason, we are unable to complete our reviews of your financial statements, we will not issue a report on such statements as a result of this engagement.

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

We will also prepare in accordance with Statements on Standards for Tax Services of the American Institute of Certified Public Accountants and forward to you for your review, acceptance, filing and payment, the Companies' federal and related state and local income tax returns for the year then ended and will advise you with regard to tax positions taken in the preparation of the income tax returns or other tax consultations you require, but management of the aforementioned entities must make all decisions

January 11, 2011

Sands Brothers Venture Capital LLC

Page Four

with regard to those matters. Our engagement does not include the preparation of other federal, state or local tax or information returns, which we understand will be prepared and filed by you.

We will also perform bookkeeping services for the above listed entities and related planning during the year. In this connection, it is agreed that you or a designated responsible party will oversee these bookkeeping services, and will be responsible for the establishment and maintenance of internal controls, including monitoring of ongoing activities related to these non-attest services and will make all management decisions relative thereto.

Our responsibility to provide the foregoing services is limited to the periods covered by our audit and review reports and income tax returns prepared by us and does not extend to any later periods for which we have not been specifically engaged to perform such services.

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

Our billings for the aforementioned services will be based on the time expended by our partners and employees who perform services on this engagement, in addition to miscellaneous "out-of-pocket" expenses. We will render interim billings on account as we perform our work during the year. Since our bills are rendered after the performance of our services and the incurrence of our costs, they are payable within 30 days of presentation. In accordance with our firm's policy, if your account becomes overdue, work may be suspended and/or interest charges may be imposed. All disputes arising out of our services in connection with this engagement (including those regarding the scope, nature and quality of the services performed by us) shall be submitted to arbitration before and under the commercial rules of the American Arbitration Association and all determinations of the arbitrator shall be final and binding.

During the course of the engagement we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

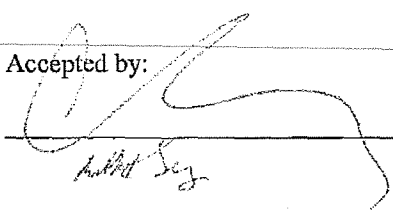
If the foregoing is in accordance with your understanding, please indicate your agreement by signing the duplicate copy of this letter and returning it to us. If you have any questions, please let us know.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Very truly yours,

*Cornick, Garber + Sandler, LLP*  
CORNICK, GARBER & SANDLER, LLP

Accepted by:

  
\_\_\_\_\_

SEC-CGS-E-0015032

SEC-NY8127-000079599

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

January 18, 2012

Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich, Connecticut 06831

Attention: Christopher Kelly  
Chief Operating Officer  
Sands Brothers Asset Management, LLC

Re: Sands Brothers Venture Capital LLC  
Sands Brothers Venture Capital II LLC  
Sands Brothers Venture Capital III LLC  
Sands Brothers Venture Capital IV LLC

Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for the above-referenced entities ("the Companies") for the year ended December 31, 2011. We will audit the statements of assets and liabilities as at December 31, 2011 and the related statements of operations, changes in net assets and cash flows for the year then ended.

Our audits will be made in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records of the Companies and other procedures we consider necessary to enable us to express unqualified opinions that the aforementioned financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. If our opinions are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audits, we will not issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence that support the transactions recorded in the accounts, tests of the direct confirmation of cash, investments and certain other assets and liabilities by correspondence with customers, creditors, and financial institutions. Also, we will request written representations from your attorneys as part of the engagement and they may bill you for responding to that inquiry. At the conclusion of our audits, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. Our audits are designed to provide reasonable, not absolute, assurance about whether the financial statements are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. The Companies' management is responsible for establishing and maintaining a sound system of internal control, which is the best means of preventing or detecting errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations.

**Cornick, Garber & Sandler, LLP**

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cgscpa.com

CGS2014\_000671

SEC-NY8127-000000684

January 18, 2012

Sands Brothers Venture Capital LLC

Page Two

An audit includes obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, we will ensure that those charged with governance are aware of any significant deficiencies that come to our attention.

We understand that you will provide us with the basic information required for our audits and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate accounting principles and their application and we will prepare the financial statements, including related footnote disclosures and submit drafts thereof to you for acceptance and approval but the responsibility for the financial statements remains with you. This management responsibility includes (a) establishing and maintaining adequate records and related internal control policies and procedures, (b) selecting and applying accounting principles, (c) safeguarding assets, and (d) identifying and ensuring that the entity complies with laws and regulations applicable to its activities.

Management is responsible for making all financial records and related information available to us. Management is also responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the management representation letter that the effects of any uncorrected misstatements, resulting from errors or fraud, aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for (a) the design and implementation of programs and controls to prevent and detect fraud, (b) for informing us about any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements, and (c) for informing us about any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

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During the course of the engagement, we may communicate with you or with company personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and

January 18, 2012

Sands Brothers Venture Capital LLC

Page Three

analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Our engagement does not include the preparation of any federal, state or local tax or information returns, which we understand will be prepared and filed by you.

Our responsibility to provide the foregoing services are limited to the periods covered by our audits and does not extend to any later periods for which we have not been specifically engaged to perform such services.

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

Our billings for the aforementioned services will be based on the time expended by our partners and employees who perform services on this engagement, in addition to miscellaneous "out-of-pocket" expenses. We will render interim billings on account as we perform our work during the year. Since our bills are rendered after the performance of our services and the incurrence of our costs, they are payable within 30 days of presentation. In accordance with our firm's policy, if your account becomes overdue, work may be suspended and/or interest charges may be imposed. All disputes arising out of our services in connection with this engagement (including those regarding the scope, nature and quality of the services performed by us) shall be submitted to arbitration before and under the commercial rules of the American Arbitration Association and all determinations of the arbitrator shall be final and binding.

During the course of the engagement we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

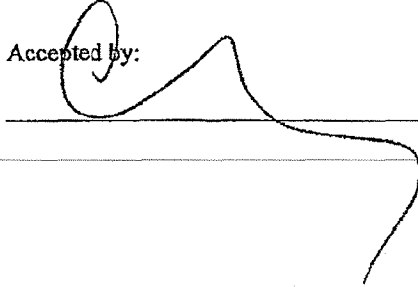
If the foregoing is in accordance with your understanding, please indicate your agreement by signing the duplicate copy of this letter and returning it to us. If you have any questions, please let us know.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Very truly yours,

*Cornick, Garber & Sandler, LLP*  
CORNICK, GARBER & SANDLER, LLP

Accepted by:

A handwritten signature in black ink, appearing to be a stylized name, is written over a horizontal line. The signature starts with a large loop and extends to the right, ending in a long, thin tail that curves downwards.

CGS2014\_000673

SEC-NY8127-000000686

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

January 18, 2012

Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich, Connecticut 06831

Attention: Christopher Kelly  
Chief Operating Officer  
Sands Brothers Asset Management, LLC

Re: Genesis Merchant Partners, LP  
Genesis Merchant Partners II, LP  
Vantage Point Partners, LP

Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for the above-referenced entities ("the Companies") for the year ended December 31, 2011. We will audit the statements of assets and liabilities as at December 31, 2011 and the related statements of operations, changes in net assets and cash flows for the year then ended.

Our audits will be made in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records of the Companies and other procedures we consider necessary to enable us to express unqualified opinions that the aforementioned financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. If our opinions are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audits, we will not issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence that support the transactions recorded in the accounts, tests of the direct confirmation of cash, investments and certain other assets and liabilities by correspondence with customers, creditors, and financial institutions. Also, we will request written representations from your attorneys as part of the engagement and they may bill you for responding to that inquiry. At the conclusion of our audits, we will also request certain written representations from management about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. Our audits are designed to provide reasonable, not absolute, assurance about whether the financial statements are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. The Companies' management is responsible for establishing and maintaining a sound system of internal control, which is the best means of preventing or detecting errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations.

**Cornick, Garber & Sandler, LLP**

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cgscpa.com

CGS2014\_000333

SEC-NY8127-000000346

January 18, 2012

Sands Brothers Asset Management, LLC

Page Two

An audit includes obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, we will ensure that those charged with governance are aware of any significant deficiencies that come to our attention.

We understand that you will provide us with the basic information required for our audits and that management is responsible for the accuracy and completeness of that information. We may advise you about appropriate accounting principles and their application and we will prepare the financial statements, including related footnote disclosures and submit drafts thereof to you for acceptance and approval but the responsibility for the financial statements remains with you. This management responsibility includes (a) establishing and maintaining adequate records and related internal control policies and procedures, (b) selecting and applying accounting principles, (c) safeguarding assets, and (d) identifying and ensuring that the entity complies with laws and regulations applicable to its activities.

Management is responsible for making all financial records and related information available to us. Management is also responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the management representation letter that the effects of any uncorrected misstatements, resulting from errors or fraud, aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for (a) the design and implementation of programs and controls to prevent and detect fraud, (b) for informing us about any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements, and (c) for informing us about any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or with company personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and



January 18, 2012

Sands Brothers Asset Management, LLC

Page Three

analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Our engagement does not include the preparation of the federal and related state income tax returns or other federal, state or local tax or information returns of the Companies, which we understand will be prepared and filed by management or others engaged by management.

Our responsibility to provide the foregoing services is limited to the period covered by our audits and does not extend to any later periods for which we have not been specifically engaged to perform such services.

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

Our billings for the aforementioned services will be based on the time expended by our partners and employees who perform services on this engagement, in addition to miscellaneous "out-of-pocket" expenses. We will render interim billings on account as we perform our work during the year. Since our bills are rendered after the performance of our services and the incurrence of our costs, they are payable within 30 days of presentation. In accordance with our firm's policy, if your account becomes overdue, work may be suspended and/or interest charges may be imposed. All disputes arising out of our services in connection with this engagement (including those regarding the scope, nature and quality of the services performed by us) shall be submitted to arbitration before and under the commercial rules of the American Arbitration Association and all determinations of the arbitrator shall be final and binding.

During the course of the engagement we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

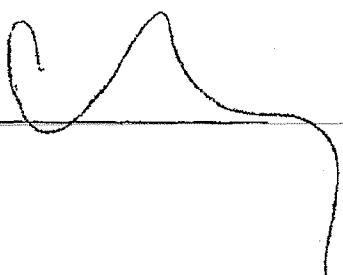
If the foregoing is in accordance with your understanding, please indicate your agreement by signing the duplicate copy of this letter and returning it to us. If you have any questions, please let us know.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Very truly yours,

*Cornick, Garber & Sandler, LLP*  
CORNICK, GARBER & SANDLER, LLP

Accepted by:



**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

January 18, 2012

Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich, Connecticut 06831

Attention: Christopher Kelly  
Chief Operating Officer  
Sands Brothers Asset Management, LLC

Re: Granite Associates, LLC  
Katie and Adam Bridge Partners, L.P.  
280 Ventures LLC

Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for the above-referenced entities ("the Companies") for the year ended December 31, 2011. We will audit the statements of assets and liabilities as at December 31, 2011 and the related statements of operations, changes in net assets and cash flows for the year then ended.

Our audits will be made in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records of the Companies and other procedures we consider necessary to enable us to express unqualified opinions that the aforementioned financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. If our opinions are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audits, we will not issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence that support the transactions recorded in the accounts, tests of the direct confirmation of cash, investments and certain other assets and liabilities by correspondence with customers, creditors, and financial institutions. Also, we will request written representations from your attorneys as part of the engagement and they may bill you for responding to that inquiry. At the conclusion of our audits, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. Our audits are designed to provide reasonable, not absolute, assurance about whether the financial statements are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. The Companies' management is responsible for establishing and maintaining a sound system of internal control, which is the best means of preventing or detecting errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations.

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SEC-CGS-E-0001850

SEC-NY8127-000066417

January 18, 2012

Sands Brothers Venture Capital LLC

Page Two

An audit includes obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, we will ensure that those charged with governance are aware of any significant deficiencies that come to our attention.

We understand that you will provide us with the basic information required for our audits and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate accounting principles and their application and we will prepare the financial statements, including related footnote disclosures and submit drafts thereof to you for acceptance and approval but the responsibility for the financial statements remains with you. This management responsibility includes (a) establishing and maintaining adequate records and related internal control policies and procedures, (b) selecting and applying accounting principles, (c) safeguarding assets, and (d) identifying and ensuring that the entity complies with laws and regulations applicable to its activities.

Management is responsible for making all financial records and related information available to us. Management is also responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the management representation letter that the effects of any uncorrected misstatements, resulting from errors or fraud, aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for (a) the design and implementation of programs and controls to prevent and detect fraud, (b) for informing us about any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements, and (c) for informing us about any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or with company personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

SEC-CGS-E-0001851

SEC-NY8127-000066418

January 18, 2012

Sands Brothers Venture Capital LLC

Page Three

We will also review the statement of assets and liabilities of the Companies as at March 31, 2012, June 30, 2012 and September 30, 2012 and the related statements of changes in net assets and cash flows for each of the quarterly interim periods then ended, in accordance with standards for accounting and review services issued by the American Institute of Certified Public Accountants. These financial statements and related footnote disclosures will also be prepared by us, subject to your acceptance and approval of drafts to be submitted but the responsibility for these financial statements rests with you.

Our review of interim financial information consists principally of performing analytical procedures and making inquiries of persons responsible for financial accounting matters. It includes obtaining sufficient knowledge of the Company's business and its internal control as it relates to the preparation of both annual and interim financial information to identify the type of potential material misstatements in the interim financial information, consider the likelihood of their occurrence, and select the inquiries and analytical procedures that will provide a basis for communicating whether there are material modifications that should be made to the interim financial information for it to conform with GAAP. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information taken as a whole, we will not express an opinion on the interim financial information.

Our review does not provide a basis for expressing an opinion about whether the financial information is presented fairly, in all material respects, in conformity with U.S. GAAP. In addition, a review does not provide assurance that we will become aware of all significant matters that would be identified in an audit. A review is not designed to provide assurance on internal control or to identify significant deficiencies and material weaknesses in internal control. We will, however, communicate to you any significant deficiencies or material weaknesses in internal control that we identify during the performance of our review procedures.

Upon completion of such reviews, written review reports will be issued. However, if, for any reason, we are unable to complete our reviews of your financial statements, we will not issue a report on such statements as a result of this engagement.

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

We will also prepare in accordance with Statements on Standards for Tax Services of the American Institute of Certified Public Accountants and forward to you for your review, acceptance, filing and payment, the Companies' federal and related state and local income tax returns for the year then ended and will advise you with regard to tax positions taken in the preparation of the income tax returns or other tax consultations you require, but management of the aforementioned entities must make all decisions

January 18, 2012

Sands Brothers Venture Capital LLC

Page Four

with regard to those matters. Our engagement does not include the preparation of other federal, state or local tax or information returns, which we understand will be prepared and filed by you.

We will also perform bookkeeping services for the above listed entities and related planning during the year. In this connection, it is agreed that you or a designated responsible party will oversee these bookkeeping services, and will be responsible for the establishment and maintenance of internal controls, including monitoring of ongoing activities related to these non-attest services and will make all management decisions relative thereto.

Our responsibility to provide the foregoing services is limited to the periods covered by our audit and review reports and income tax returns prepared by us and does not extend to any later periods for which we have not been specifically engaged to perform such services.

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

Our billings for the aforementioned services will be based on the time expended by our partners and employees who perform services on this engagement, in addition to miscellaneous "out-of-pocket" expenses. We will render interim billings on account as we perform our work during the year. Since our bills are rendered after the performance of our services and the incurrence of our costs, they are payable within 30 days of presentation. In accordance with our firm's policy, if your account becomes overdue, work may be suspended and/or interest charges may be imposed. All disputes arising out of our services in connection with this engagement (including those regarding the scope, nature and quality of the services performed by us) shall be submitted to arbitration before and under the commercial rules of the American Arbitration Association and all determinations of the arbitrator shall be final and binding.

During the course of the engagement we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

If the foregoing is in accordance with your understanding, please indicate your agreement by signing the duplicate copy of this letter and returning it to us. If you have any questions, please let us know.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Very truly yours,

*Cornick, Garber & Sandler, LLP*  
CORNICK, GARBER & SANDLER, LLP

Accepted by: 

SEC-CGS-E-0001853

SEC-NY8127-000066420

January 17, 2013

Christopher Kelly  
Chief Operating Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich, Connecticut 06831

Re: Sands Brothers Venture Capital LLC  
Sands Brothers Venture Capital II LLC  
Sands Brothers Venture Capital III LLC  
Sands Brothers Venture Capital IV LLC  
Genesis Merchant Partners, LP  
Genesis Merchant Partners II, LP  
Vantage Point Partners, LP

Dear Mr. Kelly:

You have requested that we audit the financial statements of the above-referenced entities ("the Companies"), which comprise the statements of assets and liabilities as at December 31, 2012, and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of these audit engagements by means of this letter. Our audits will be conducted with the objective of our expressing an opinion on the financial statements.

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to each entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weakness in internal control relevant to the audit of the financial statements that we have identified during the audit.

**Cornick, Garber & Sandler, LLP**

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SEC-CGS-E-0033279

SEC-NY8127-000097846

January 17, 2013

Sands Brothers Asset Management, LLC

Page Two

Our audits will be conducted on the basis that management acknowledge and understand that they have responsibility

- a. for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c. to provide us with
  - i. access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - ii. additional information that we may request from management for the purpose of the audit; and
  - iii. unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audits.

We will review the initial draft financial statements and related notes submitted by management and may make suggestions for adjustments to be included in revised drafts to be submitted to management for comment and approval. However, the primary and ultimate responsibility for such statements will continue to be management's.

We will issue written reports upon completion of our audit of the Companies' financial statements. Our reports will be addressed to management of the Companies. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or with company personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

SEC-CGS-E-0033280

SEC-NY8127-000097847

January 17, 2013

Sands Brothers Asset Management, LLC

Page Three

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

We will also prepare in accordance with Statements on Standards for Tax Services of the American Institute of Certified Public Accountants and forward to you for management's review, acceptance, filing and payment, the Companies' federal and related state and local income tax returns for the year then ended and will advise management with regard to tax positions taken in the preparation of the income tax returns or other tax consultations you require, but management of the aforementioned entities must make all decisions with regard to those matters. Returns requiring electronic filing will be filed by us upon your approval of the advance copy submitted to you. Our engagement does not include the preparation of other federal, state or local tax or information returns, which we understand will be prepared and filed by management.

Our responsibility to provide the foregoing services are limited to the periods covered by our audits and tax return preparation does not extend to any later periods for which we have not been specifically engaged to perform such services.

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

Our billings for the aforementioned services will be based on the time expended by our partners and employees who perform services on this engagement, in addition to miscellaneous "out-of-pocket" expenses. We will render interim billings on account as we perform our work during the year. Since our bills are rendered after the performance of our services and the incurrence of our costs, they are payable within 30 days of presentation. In accordance with our firm's policy, if your account becomes overdue, work may be suspended and/or interest charges may be imposed. All disputes arising out of our services in connection with this engagement (including those regarding the scope, nature and quality of the services performed by us) shall be submitted to arbitration before and under the commercial rules of the American Arbitration Association and all determinations of the arbitrator shall be final and binding.

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

During the course of the engagement we may observe opportunities for economy in, or improved controls



January 17, 2013

Sands Brothers Asset Management, LLC

Page Four

over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

If the foregoing is in accordance with your understanding, please indicate your agreement by signing the duplicate copy of this letter and returning it to us. If you have any questions, please let us know.

We appreciate the opportunity to continue to provide our services and look forward to working with you and your staff.

Very truly yours,

*Cornick, Garber & Sandler, LLP*  
CORNICK, GARBER & SANDLER, LLP

Accepted:

Sands Brothers Asset Management, LLC

By: 

Sands Brothers & Genesis Funds  
Estimated Fee Structure  
December 31, 2012 Audit / Tax Period.

Entity	2012 Audit	2012 Tax	Total
SBVC I	15,000	7,000	22,000
SBVC II	14,000	7,000	21,000
SBVC III	14,000	7,000	21,000
SBVC IV	14,000	7,000	21,000
Granite	1,500	1,500	3,000
K & A	5,000	4,000	9,000
280 Ventures	2,000	2,500	4,500
GMP	50,000	7,500	57,500
GMP II	27,000	7,500	34,500
Vantage	17,500	5,000	22,500
	<u>160,000</u>	<u>56,000</u>	<u>216,000</u>

Note: The above projection is based on past history with the Company  
and based on the completion of the audits by April 30, 2013.

January 17, 2013

Christopher Kelly  
Chief Operating Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich, Connecticut 06831

Re: Granite Associates, LLC  
Katie and Adam Bridge Partners, L.P.  
280 Ventures LLC

Dear Mr. Kelly:

You have requested that we audit the financial statements of the above-referenced entities ("the Companies"), which comprise the statements of assets and liabilities as at December 31, 2012, and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of these audits engagement by means of this letter. Our audits will be conducted with the objective of our expressing an opinion on the financial statements.

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weakness in internal control relevant to the audit of the financial statements that we have identified during the audit.

Our audits will be conducted on the basis that management acknowledge and understand that they have responsibility

- a. for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and

**Cornick, Garber & Sandler, LLP**

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SEC-CGS-E-0033275

SEC-NY8127-000097842

January 17, 2013

Sands Brothers Asset Management, LLC

Page Two.

- c. to provide us with
  - i. access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - ii. additional information that we may request from for the purpose of the audit; and
  - iii. unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audits.

The Companies do not have a system of internal controls that would enable management to conclude that the financial statements and the related disclosures are complete and presented in accordance with generally accepted accounting principles. As such, management requested us to assist in identifying adjustments to the accounting records and to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of this service is not unusual in companies of your size and is a result of management's cost benefit decision to use our accounting expertise rather than to incur internal resource costs.

However, the acceptance and responsibility for such statements and footnotes will continue to be management's.

We will issue written reports upon completion of our audit of the Companies' financial statements. Our reports will be addressed to management and those in charge with governance of the Companies. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or with company personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

January 17, 2013

Sands Brothers Asset Management, LLC

Page Three

We will also prepare in accordance with Statements on Standards for Tax Services of the American Institute of Certified Public Accountants and forward to you for management's review, acceptance, filing and payment, the Companies' federal and related state and local income tax returns for the year then ended and will advise management with regard to tax positions taken in the preparation of the income tax returns or other tax consultations you require, but management of the aforementioned entities must make all decisions with regard to those matters. Returns requiring electronic filing will be filed by us upon your approval of the advance copy submitted to you. Our engagement does not include the preparation of other federal, state or local tax or information returns, which we understand will be prepared and filed by management.

We will also perform bookkeeping services for the above listed entities during the year. In this connection, it is agreed that you or a designated responsible party will oversee these bookkeeping services, and will be responsible for the establishment and maintenance of internal controls, including monitoring of ongoing activities related to these non-attest services and will make all management decisions relative thereto.

Our responsibility to provide the foregoing services are limited to the periods covered by our audits and tax return preparation and does not extend to any later periods for which we have not been specifically engaged to perform such services.

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

Our billings for the aforementioned services will be based on the time expended by our partners and employees who perform services on this engagement, in addition to miscellaneous "out-of-pocket" expenses. We will render interim billings on account as we perform our work during the year. Since our bills are rendered after the performance of our services and the incurrence of our costs, they are payable within 30 days of presentation. In accordance with our firm's policy, if your account becomes overdue, work may be suspended and/or interest charges may be imposed. All disputes arising out of our services in connection with this engagement (including those regarding the scope, nature and quality of the services performed by us) shall be submitted to arbitration before and under the commercial rules of the American Arbitration Association and all determinations of the arbitrator shall be final and binding.

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

During the course of the engagement we may observe opportunities for economy in, or improved controls

January 17, 2013

Sands Brothers Asset Management, LLC

Page Four

over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

If the foregoing is in accordance with your understanding, please indicate your agreement by signing the duplicate copy of this letter and returning it to us. If you have any questions, please let us know.

We appreciate the opportunity to continue to provide our services and look forward to working with you and your staff.

Very truly yours,

*Cornick, Garber & Sandler, LLP*  
CORNICK, GARBER & SANDLER, LLP

Accepted:

Sands Brothers Asset Management, LLC

By: \_\_\_\_\_

**Independent Auditors' Report**

To the Partners of  
Sands Brothers Venture Capital LLC  
New York, New York

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL LLC, including the condensed schedule of investments, as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital LLC as at December 31, 2010 and the results of its operations, its changes in net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$2,487,272 representing approximately 126% of net assets at December 31, 2010, of which investments representing approximately 98% of net assets at December 31, 2010 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
June 9, 2011

Cornick, Garber & Sandler, LLP

825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936

50 Charles Lindbergh Blvd., Uniondale, NY 11553-3500 T 516.542.9030 F 516.542.9035

cgscpa.com

CGS\_000033

SEC-NY8127-000001294

**Independent Auditors' Report**

**To the Partners of  
Sands Brothers Venture Capital II LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL II LLC, including the condensed schedule of investments, as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital II LLC as at December 31, 2010 and the results of its operations, its changes in net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$2,051,198 representing approximately 47% of net assets at December 31, 2010, of which investments representing approximately 34% of net assets at December 31, 2010 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
June 9, 2011**

Cornick, Garber & Sandler, LLP

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cgspa.com

SEC-CGS-E-0017643

SEC-NY8127-000082210



**Independent Auditors' Report**


**To the Partners of  
Sands Brothers Venture Capital III LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL III LLC, including the condensed schedule of investments, as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital III LLC as at December 31, 2010 and the results of its operations, its changes in net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$10,937,850 representing approximately 43% of net assets at December 31, 2010, of which investments representing approximately 29% of net assets at December 31, 2010 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
June 9, 2011**

Cornick, Garber & Sandler, LLP  
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SEC-CGS-E-0017659

SEC-NY8127-000082226

**Independent Auditors' Report**

**To the Partners of  
Sands Brothers Venture Capital IV LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL IV LLC, including the condensed schedule of investments, as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital IV LLC as at December 31, 2010 and the results of its operations, its changes in net assets, cash flows, and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$3,034,094 representing approximately 70% of net assets at December 31, 2010, of which investments representing approximately 44% of net assets at December 31, 2010 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
June 9, 2011**

Cornick, Garber & Sandler, LLP

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SEC-CGS-E-0017590

SEC-NY8127-000082157

**Independent Auditors' Report**

**To the Partners of  
Genesis Merchant Partners, LP  
Greenwich, Connecticut**

We have audited the accompanying statement of assets, liabilities and partners' capital of GENESIS MERCHANT PARTNERS, LP, including the condensed schedule of investments as at December 31, 2010 and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Genesis Merchant Partners, LP as at December 31, 2010, the results of its operations, changes in partners' capital, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$21,512,473 representing approximately 86% of partners' capital at December 31, 2010, of which investments representing approximately 75% of partners' capital at December 31, 2010 have been estimated by the Company's General Partner in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's General Partner in arriving at its estimate of the value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
June 9, 2011**

**Cornick, Garber & Sandler, LLP**

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cgscpa.com

SEC-CGS-E-0017560

SEC-NY8127-000082127

**Independent Auditors' Report**

**To the Partners of  
Genesis Merchant Partners II, LP  
Greenwich, Connecticut**

We have audited the accompanying statement of assets, liabilities and partners' capital of GENESIS MERCHANT PARTNERS II, LP, including the condensed schedule of investments as at December 31, 2010 and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Genesis Merchant Partners II, LP as at December 31, 2010, the results of its operations, changes in partners' capital, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$2,482,289 representing approximately 91% of partners' capital at December 31, 2010, of which investments representing approximately 70% of partners' capital at December 31, 2010 have been estimated by the Company's General Partner in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's General Partner in arriving at its estimate of the value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
June 9, 2011**

Cornick, Garber & Sandler, LLP  
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50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

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**CGS\_000863**

**SEC-NY8127-000002124**

**Independent Auditors' Report**

**To the Partners of  
280 Ventures LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of 280 VENTURES LLC including the condensed schedule of investments, as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of 280 Ventures LLC as at December 31, 2010 and the results of its operations, changes in its net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$303,849 representing approximately 89% of net assets at December 31, 2010, substantially all of which have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
June 9, 2011**

Cornick, Garber & Sandler, LLP

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**CGS\_000627**

**SEC-NY8127-000001888**

**Independent Auditors' Report**


To the Partners of  
**Granite Associates, LLC**  
New York, New York

We have audited the accompanying statement of assets and liabilities of GRANITE ASSOCIATES, LLC, including the condensed schedule of investments, as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Granite Associates, LLC as at December 31, 2010 and the results of its operations, its changes in its net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$89,932 representing approximately 156% of net assets at December 31, 2010, all of which have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
June 9, 2011

Cornick, Garber & Sandler, LLP  
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cgscpa.com

SEC-CGS-E-0017606

SEC-NY8127-000082173

**Independent Auditors' Report**

To the Partners of  
Katie & Adam Bridge Partners, L.P.  
New York, New York

We have audited the accompanying statement of assets and liabilities of KATIE & ADAM BRIDGE PARTNERS, L.P., including the condensed schedule of investments, as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Katie & Adam Bridge Partners, L.P. as at December 31, 2010 and the results of its operations, its changes in its net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$373,379 representing approximately 53% of net assets at December 31, 2010, of which investments representing approximately 17% of the net assets at December 31, 2010 have been estimated by the Company's General Partner in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's General Partner in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick Garber Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
June 9, 2011

Cornick, Garber & Sandler, LLP

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50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

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SEC-CGS-E-0017630

SEC-NY8127-000082197

**Independent Auditors' Report**

**To the Partners of  
Vantage Point Partners, LP**

We have audited the accompanying statement of assets, liabilities and partners' capital of VANTAGE POINT PARTNERS, LP, including the condensed schedule of investments as at December 31, 2010 and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Vantage Point Partners, LP, as at December 31, 2010 the results of its operations, changes in partners' capital, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

*Cornick Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
June 9, 2011

**Cornick, Garber & Sandler, LLP**

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SEC-CGS-E-0017576

SEC-NY8127-000082143




**CERTIFICATION**

Doug Bisio, certifies the following under penalties of perjury:

1. I am the President of Greenwich Fund Services, Inc.
2. I am duly authorized to execute this certification on behalf of said corporate entity.
3. I submit this certification on personal knowledge.
4. Greenwich Fund Services, Inc. performs bookkeeping and administrative tasks for Sands Brothers Asset Management, and various funds overseen by Sands Brothers Asset Management.
5. Greenwich Fund Services, Inc. packaged, applied postage and mailed audited financial statements for year-end 2010 for Sands Brothers Venture Capital I, II, III and IV to be sent by U.S. Mail to each investor in each of these funds.
6. Each investor in Sands Brothers Venture Capital I, II, III and IV was sent the audited financial statements for year-end 2010 to the address of record.
7. In one instance, the audited financial statements for year-end 2010 for Sands Brothers Venture Capital I, II, III and IV was sent by email to the representative for one institutional investor. (See attached email Bates Stamp No. [REDACTED].)

Dated: 8/16/13

  
Doug Bisio

Proof  
FINANCIALS SENT  
3/22/11  
2011  
VENTURE

**Christopher Kelly**

---

**From:** John Lanser III [REDACTED]  
**Sent:** Monday, June 20, 2011 10:15 AM  
**To:** cmeijer@stifel.com  
**Cc:** Christopher Kelly; Hugh Marasa  
**Subject:** SB Venture Capital 1 - 4 2010 Audited Financials  
**Attachments:** SBVC I 12312010 FS.pdf; SBVC II 12312010 FS.pdf; SBVC III 12312010 FS.pdf; SBVC IV 12312010 FS.pdf

Hello,

As per your conversation with Chris Kelly, please find attached the 2010 audited financials related to the SB Venture Capital funds.

Thank you,

John L. Lanser III  
Chief Operating Officer  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

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**IRS CIRCULAR 230 DISCLOSURE:** To comply with IRS regulations, we are required to inform you that unless expressly stated otherwise, any discussion of U.S. federal tax issues in this correspondence (including any attachments) is not intended or written to be used, and cannot be used, (i) to avoid any penalties imposed under the Internal Revenue Code, or (ii) to promote, market, or recommend to another party any transaction or matter addressed herein.

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GMP  
2010

**Douglas J. Bisio**

---

**From:** Douglas J. Bisio  
**Sent:** Monday, June 13, 2011 9:59 AM  
**Subject:** Genesis Merchant Partners I, LP - 2010 Audited Financials  
**Attachments:** Genesis Merchant Partner 12312010 FS.pdf  
**Categories:** Follow up

Investors,

Attached please find a copy of the Genesis Merchant Partners I, LP 2010 Audited Financials.

Regards,

Douglas J. Bisio  
President  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831

[REDACTED]  
[REDACTED]  
[REDACTED]

*Please remember the environment before printing this email.*



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GMP II  
2010

**Douglas J. Bisio**

**From:** Douglas J. Bisio  
**Sent:** Monday, June 13, 2011 9:59 AM  
**Subject:** Genesis Merchant Partners II, LP - 2010 Audited Financials  
**Attachments:** Genesis Merchant Partner II 12312010 FS.pdf

**Categories:** Follow up

Investors,

Attached please find a copy of the Genesis Merchant Partners II, LP 2010 Audited Financials.

Regards,

Douglas J. Bisio  
President  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831

[REDACTED]  
[REDACTED] (203) 601-8300 (ext. [REDACTED])  
[REDACTED] [REDACTED]@[REDACTED].com

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VPP 2.010

**Douglas J. Bisio**

---

**From:** Douglas J. Bisio  
**Sent:** Monday, June 13, 2011 10:00 AM  
**Subject:** Vantage Point Partners, LP 2010 Audited Financials  
**Attachments:** Vantage Point Partners 12312010 FS.pdf

**Categories:** Follow up

Investors,

Attached please find a copy of the Vantage Point Partners, LP 2010 Audited Financials.

Regards,

Douglas J. Bisio  
President  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831

[REDACTED]

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**IRS CIRCULAR 230 DISCLOSURE:** To comply with IRS regulations, we are required to inform you that unless expressly stated otherwise, any discussion of U.S. federal tax issues in this correspondence (including any attachments) is not intended or written to be used, and cannot be used, (i) to avoid any penalties imposed under the Internal Revenue Code, or (ii) to promote, market, or recommend to another party any transaction or matter addressed herein.


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**CERTIFICATION**

Doug Bisio, certifies the following under the penalties of perjury:

1. I am the President of Greenwich Fund Services, Inc.
2. I am duly authorized to execute this certification on behalf of said corporate entity.
3. I submit this certification on personal knowledge.
4. Greenwich Fund Services, Inc. performs bookkeeping and administrative tasks for Sands Brothers Asset Management, and various funds overseen by Sands Brothers Asset Management.
5. Greenwich Fund Services, Inc. packaged, applied postage and mailed audited financial statements for year-end 2010 to be sent to each investor in the following funds to their record address:
  - a. Katie & Adam Bridge Partner, L.P.;
  - b. Granite Associates, LLC; and
  - c. 280 Venture Funds, LLC
6. As a result of an administrative lapse, certification(s) of the mailing of the audited financial statements for year-end 2010 to investors in the above-noted funds were not completed at the time the financials were mailed.

Dated: 8/16/13

  
\_\_\_\_\_  
Doug Bisio

**Independent Auditors' Report**

**To the Partners of  
Sands Brothers Venture Capital LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL LLC, including the condensed schedule of investments, as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital LLC as at December 31, 2011 and the results of its operations, its changes in net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$2,510,650 representing approximately 129% of net assets at December 31, 2011, of which investments representing approximately 97% of net assets at December 31, 2011 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
October 26, 2012**

**Cornick, Garber & Sandler, LLP**

825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936

50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

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SEC-CGS-E-0025919

SEC-NY8127-000090486

**Independent Auditors' Report**

**To the Partners of  
Sands Brothers Venture Capital II LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL II LLC, including the condensed schedule of investments, as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital II LLC as at December 31, 2011 and the results of its operations, its changes in net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$1,677,546 representing approximately 44% of net assets at December 31, 2011, of which investments representing approximately 27% of net assets at December 31, 2011 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick Garber Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
October 26, 2012**

**Cornick, Garber & Sandler, LLP**

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SEC-CGS-E-0025903

SEC-NY8127-000090470



**Independent Auditors' Report**

**To the Partners of  
Sands Brothers Venture Capital III LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL III LLC, including the condensed schedule of investments, as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital III LLC as at December 31, 2011 and the results of its operations, its changes in net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$8,571,642 representing approximately 76% of net assets at December 31, 2011, of which investments representing approximately 48% of net assets at December 31, 2011 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
October 26, 2012

**Cornick, Garber & Sandler, LLP**

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SEC-CGS-E-0025871

SEC-NY8127-000090438

**Independent Auditors' Report**

**To the Partners of  
Sands Brothers Venture Capital IV LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL IV LLC, including the condensed schedule of investments, as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital IV LLC as at December 31, 2011 and the results of its operations, its changes in net assets, cash flows, and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$2,558,353 representing approximately 69% of net assets at December 31, 2011, of which investments representing approximately 36% of net assets at December 31, 2011 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick Garber Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
October 26, 2012

**Cornick, Garber & Sandler, LLP**

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cgscpa.com

SEC-CGS-E-0025887

SEC-NY8127-000090454

**Independent Auditors' Report**

To the Partners of  
Genesis Merchant Partners, LP  
Greenwich, Connecticut

We have audited the accompanying statement of assets, liabilities and partners' capital of GENESIS MERCHANT PARTNERS, LP, including the condensed schedule of investments, as at December 31, 2011 and the related statements of operations, changes in partners' capital and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesis Merchant Partners, LP as at December 31, 2011, the results of its operations, changes in partners' capital and cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As more fully described in Note B to the financial statements, approximately \$9,943,000 of the Partnership's net assets are comprised of notes receivable and accrued interest related to certain loans considered "nonperforming" in that the obligors have failed to make principal and interest payments at the scheduled due dates. In the absence of readily ascertainable market values, the Partnership has estimated the current fair value of these loans and receivables based on its evaluation of the potential future operations of the obligor and the estimated value of any collateral and personal guarantees obtained in connection with these loans. We have reviewed the procedures used by the Partnership in arriving at these estimates and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for the assets supporting the estimates existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
October 26, 2012

**Cornick, Garber & Sandler, LLP**

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SEC-CGS-E-0025951

SEC-NY8127-000090518

**Independent Auditors' Report**

To the Partners of  
Genesis Merchant Partners II, LP  
Greenwich, Connecticut

We have audited the accompanying statement of assets, liabilities and partners' capital of GENESIS MERCHANT PARTNERS II, LP, including the condensed schedule of investments, as at December 31, 2011 and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesis Merchant Partners II, LP as at December 31, 2011, the results of its operations, changes in partners' capital and cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As more fully described in Note B to the financial statements, approximately \$601,000 of the Partnership's net assets are comprised of notes receivable and accrued interest related to certain loans considered "nonperforming" in that the obligors have failed to make principal and interest payments at the scheduled due dates. In the absence of readily ascertainable market values, the Partnership has estimated the current fair value of these loans and receivables based on its evaluation of the potential future operations of the obligor and the estimated value of any collateral and personal guarantees obtained in connection with these loans. We have reviewed the procedures used by the Partnership in arriving at these estimates and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for the assets supporting the estimates existed and the differences could be material.

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
October 26, 2012

**Cornick, Garber & Sandler, LLP**

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50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

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SEC-CGS-E-0066171

SEC-NY8127-000130738

**Independent Auditors' Report**

**To the Partners of  
280 Ventures LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of 280 VENTURES LLC, including the condensed schedule of investments, as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of 280 Ventures LLC as at December 31, 2011 and the results of its operations, changes in its net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$302,994 representing approximately 96% of net assets at December 31, 2011, substantially all of which have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick Garber + Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
December 20, 2012**

**Cornick, Garber & Sandler, LLP**

825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936

50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

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SEC-CGS-E-0025387

SEC-NY8127-000089954

**Independent Auditors' Report**

**To the Partners of  
Granite Associates, LLC  
New York, New York**

We have audited the accompanying statement of assets and liabilities of GRANITE ASSOCIATES, LLC, including the condensed schedule of investments, as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Granite Associates, LLC as at December 31, 2011 and the results of its operations, its changes in its net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$89,932 representing approximately 177% of net assets at December 31, 2011, all of which have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick Garber + Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
December 20, 2012**

**Cornick, Garber & Sandler, LLP**

825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936

50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

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SEC-CGS-E-0025399

SEC-NY8127-000089966

# Cornick Garber Sandler

Certified Public Accountants & Advisors

## Independent Auditors' Report

To the Partners of  
Katie & Adam Bridge Partners, L.P.  
New York, New York

We have audited the accompanying statement of assets and liabilities of KATIE & ADAM BRIDGE PARTNERS, L.P., including the condensed schedule of investments, as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Katie & Adam Bridge Partners, L.P. as at December 31, 2011 and the results of its operations, its changes in its net assets, cash flows and its financial highlights for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As explained in Note B, the financial statements include investments valued at \$348,291 representing approximately 53% of net assets at December 31, 2011, of which investments representing approximately 22% of the net assets at December 31, 2011 have been estimated by the Company's General Partner in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's General Partner in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

New York, New York  
October 26, 2012

Cornick, Garber & Sandler, LLP

825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936

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*Cornick, Garber & Sandler, LLP*  
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SEC-CGS-E-0025967

SEC-NY8127-000090534

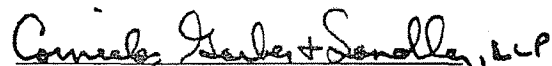
**Independent Auditors' Report**

**To the Partners of  
Vantage Point Partners, LP**

We have audited the accompanying statement of assets, liabilities and partners' capital of VANTAGE POINT PARTNERS, LP, including the condensed schedule of investments as at December 31, 2011 and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vantage Point Partners, LP, as at December 31, 2011 the results of its operations, changes in partners' capital and cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
October 26, 2012**

**Cornick, Garber & Sandler, LLP**

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SEC-NY8127-000090424





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Greenwich, CT 06830



# E-Invoice

follow us on:



**John Lanser**  
**Sands Brothers Asset Management, LLC**  
**15 Valley Dr.**  
**Greenwich CT 06831**  
**E-mail:**



**No.** [Redacted]  
**Date** 11/14/2012  
**P.O.**

## Payment Due

Quantity	Description of Services	Price
431	Personalized Mailing - Dec. 2011 Financial Mailings - Personal Letter (Supplied) + Financial Statement Packet, Insert into Supplied EPS, Sort Domestic/International, Meter, Seal & Deliver to USPS	183.57
123	B&W Digital - VC I Statement Letter	137.21
143	B&W Digital - VC II Statement Letter	132.81
141	B&W Digital - VC III Statement Letter	131.28
24	B&W Digital - VC IV Statement Letter	47.69

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Sales Rep: House

Payment is due as noted on this Invoice. Acceptance of goods or services provided states materials meet customer expectations and specifications. If collection services are required, any additional fees required to collect this will be added to the Invoice.



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SCS-COC-001603

Sub-total	632.56
Tax	40.17
Shipping	1,084.97
Total	1,757.70
Deposit	1,757.70
Amount Due	0.00

683

## Payment Due

23

CONFIDENTIAL

GFS 000016

SEC-NY8127-000002191

**Douglas J. Bisio**

---

**From:** Douglas J. Bisio  
**Sent:** Wednesday, November 07, 2012 3:25 PM  
**Subject:** Genesis Merchant Partners, LP 2011 Year End Financials  
**Attachments:** Genesis Merchant Partners, LP Final FS 2011.pdf

**Categories:** Follow up

Attached please find the 2011 year end financials for Genesis Merchant Partners, LP Fund.

Sands Brothers Asset Management, LLC <sup>(3)</sup>



1. The Fund's return is "net" of both management and incentive fees and allocable direct Fund expenses. The "net" returns reflect the performance of aggregate limited partner capital for applicable periods; individual limited partner performance may vary significantly from composite results.
2. The Fund's initial performance period of November 2007 includes transactions that were closed and funded during October and November 2007. The Fund was launched on October 23, 2007 so the initial performance period is comprised of 39 days. After this period, performance periods begin on the first day, and ends on the last day, of each calendar month.
3. Sands Brothers Asset Management, LLC is an Investment Advisor registered with the Securities and Exchange Commission and acts as the advisor to the Genesis Merchant Partners, LP fund.

This email and attachments are being communicated to Accredited Investors and Qualified Purchasers on a confidential basis solely in connection with Genesis Merchant Partners, LP (the "Fund"). This email and attachments are not and should not be construed as an offer. Any investment in the Fund will be accepted solely on the basis of the Confidential Offering Memorandum (the "OM"). This email and attachments in whole or in part will not form the basis of and should not be relied upon in connection with any subsequent investment in the Fund when established or offered. To the extent that statements made in this email and attachments summarize provisions of the OM, they are qualified in their entirety by the terms of such OM. A copy of the OM must be reviewed prior to making a decision to invest in the Fund. An investment in the Fund may result in loss to an investor.

Alternative investments such as the Fund are subject to less regulation than other types of pooled investment vehicles, may be illiquid and can involve a significant use of leverage, making them substantially riskier than other investments. Any investor who subscribes, or proposes to subscribe, for an investment in the Fund must: (1) be able to bear the risks involved and (2) must meet the Fund's suitability requirements. Investments in the Fund may not be suitable for certain investors. No assurance can be given that the Fund's investment objectives will be achieved. Any decision to invest in the Fund should be made after reviewing the OM, conducting such investigations as the investor deems necessary and consulting the investor's own investment, legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the Fund.

*Handwritten initials "GFS" and a circled "24" in the bottom right corner.*

**Douglas J. Bisio**

---

**From:** Douglas J. Bisio  
**Sent:** Wednesday, November 07, 2012 3:25 PM  
**Subject:** Genesis Merchant Partners II, LP 2011 Year End Financials  
**Attachments:** Genesis Merchant Partners II, LP Final FS 2011.pdf  
**Categories:** Follow up

Attached please find the 2011 year end financials for Genesis Merchant Partners II, LP Fund.

Sands Brothers Asset Management, LLC <sup>(2)</sup>  
15 Valley Drive



1. The Fund's return is "net" of both management, operational and incentive fees and allocable direct Fund expenses. The "net" returns reflect the performance of aggregate limited partner capital for applicable periods; individual limited partner performance may vary significantly from composite results.
2. Sands Brothers Asset Management, LLC is an Investment Advisor registered with the Securities and Exchange Commission and acts as the advisor to the Genesis Merchant Partners II, LP fund.

This email and attachments are being communicated to Accredited Investors and Qualified Clients on a confidential basis solely in connection with Genesis Merchant Partners II, LP (the "Fund"). This email and attachments are not and should not be construed as an offer. Any investment in the Fund will be accepted solely on the basis of the Confidential Offering Memorandum (the "OM"). This email and attachments in whole or in part will not form the basis of and should not be relied upon in connection with any subsequent investment in the Fund when established or offered. To the extent that statements made in this email and attachments summarize provisions of the OM, they are qualified in their entirety by the terms of such OM. A copy of the OM must be reviewed prior to making a decision to invest in the Fund. An investment in the Fund may result in loss to an investor.

Alternative investments such as the Fund are subject to less regulation than other types of pooled investment vehicles, may be illiquid and can involve a significant use of leverage, making them substantially riskier than other investments. Any investor who subscribes, or proposes to subscribe, for an investment in the Fund must: (1) be able to bear the risks involved and (2) must meet the Fund's suitability requirements. Investments in the Fund may not be suitable for certain investors. No assurance can be given that the Fund's investment objectives will be achieved. Any decision to invest in the Fund should be made after reviewing the OM, conducting such investigations as the investor deems necessary and consulting the investor's own investment, legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the Fund.

DS  
GFS

**John Lanser III**

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**From:** John Lanser III  
**Sent:** Friday, December 28, 2012 1:51 PM  
**To:** Christopher Kelly (ckelly@sandsbros.com); Douglas J. Bisio  
**Subject:** Granite Assoc 2011 YE AF  
**Attachments:** 201212281136.pdf

Chris/Doug,

Please note that YE 2011 Financials for Granite were put in the mail today. See attached.

Thanks,

John L. Lanser III  
Chief Operating Officer  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831

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**IRS CIRCULAR 230 DISCLOSURE:** To comply with IRS regulations, we are required to inform you that unless expressly stated otherwise, any discussion of U.S. federal tax issues in this correspondence (including any attachments) is not intended or written to be used, and cannot be used, (i) to avoid any penalties imposed under the Internal Revenue Code, or (ii) to promote, market, or recommend to another party any transaction or matter addressed herein.

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②

**John Lanser III**

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**From:** John Lanser III  
**Sent:** Friday, December 28, 2012 11:18 AM  
**To:** Christopher Kelly (ckelly@sandsbros.com); Douglas J. Bisio  
**Subject:** 280 Ventures  
**Attachments:** 201212281115.pdf

Please be advise 2011 YE financials for 280 Ventures were mailed via post today.

Thanks,

John L. Lanser III  
Chief Operating Officer  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831



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**John Lanser III**

---

**From:** John Lanser III  
**Sent:** Tuesday, November 20, 2012 2:17 PM  
**To:** Christopher Kelly (ckelly@sandsbros.com); Douglas J. Bisio  
**Subject:** K&A Financial Distribution  
**Attachments:** 201211201414.pdf

Chris,

Please be advised that K&A Bridge financials were sent today via post. Please see attached specimen for proof.

Thanks,

John L. Lanser III  
Chief Operating Officer  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831

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**IRS CIRCULAR 230 DISCLOSURE:** To comply with IRS regulations, we are required to inform you that unless expressly stated otherwise, any discussion of U.S. federal tax issues in this correspondence (including any attachments) is not intended or written to be used, and cannot be used, (i) to avoid any penalties imposed under the Internal Revenue Code, or (ii) to promote, market, or recommend to another party any transaction or matter addressed herein.

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GFS  
②

**Douglas J. Bisio**

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**From:** Douglas J. Bisio  
**Sent:** Wednesday, November 07, 2012 3:25 PM  
**Subject:** Vantage Point Partners, LP 2011 Year End Financials  
**Attachments:** Vantage Point Partners Final FS 2011.pdf

Attached please find the 2011 year end financials for Vantage Point Partners, LP Fund.

Sands Brothers Asset Management, LLC <sup>(3)</sup>  
15 Valley Drive  
Greenwich, CT 06831



6/13  
DB

**Independent Auditors' Report**

**To the Members of  
Sands Brothers Venture Capital LLC  
New York, New York**

***Report on the Financial Statements***

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL LLC, including the condensed schedule of investments as at December 31, 2012 and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital LLC as at December 31, 2012 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

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**Independent Auditors' Report**

To the Members of  
Sands Brothers Venture Capital II LLC  
New York, New York

**Report on the Financial Statements**

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL II LLC, including the condensed schedule of investments as at December 31, 2012 and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital II LLC as at December 31, 2012 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

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**Independent Auditors' Report**

-2-

**To the Members of  
Sands Brothers Venture Capital II LLC  
New York, New York**

***Other Matters***

As explained in Note B, the financial statements include investments valued at \$1,195,641 representing approximately 34% of net assets at December 31, 2012, of which investments representing approximately 27% of net assets at December 31, 2012 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
July 22, 2013**

**Cornick, Garber & Sandler, LLP**

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**Independent Auditors' Report**

To the Members of  
Sands Brothers Venture Capital III LLC  
New York, New York

***Report on the Financial Statements***

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL III LLC, including the condensed schedule of investments as at December 31, 2012 and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital III LLC as at December 31, 2012 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

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**Cornick Garber Sandler**

Certified Public Accountants & Advisors

**Independent Auditors' Report**

-2-

**To the Members of  
Sands Brothers Venture Capital III LLC  
New York, New York**

***Other Matters***

As explained in Note B, the financial statements include investments valued at \$5,990,599 representing approximately 70% of net assets at December 31, 2012, of which investments representing approximately 56% of net assets at December 31, 2012 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

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*Cornick Garber Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

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**New York, New York  
July 22, 2013**

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**Independent Auditors' Report**

To the Members of  
Sands Brothers Venture Capital IV LLC  
New York, New York

***Report on the Financial Statements***

We have audited the accompanying statement of assets and liabilities of SANDS BROTHERS VENTURE CAPITAL IV LLC, including the condensed schedule of investments as at December 31, 2012 and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sands Brothers Venture Capital IV LLC as at December 31, 2012 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

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**Independent Auditors' Report**

-2-

To the Members of  
Sands Brothers Venture Capital IV LLC  
New York, New York

**Other Matters**

As explained in Note B, the financial statements include investments valued at \$1,676,465 representing approximately 72% of net assets at December 31, 2012, of which investments representing approximately 51% of net assets at December 31, 2012 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

*Cornick Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
July 22, 2013

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**Independent Auditors' Report**

**To the Partners of  
Genesis Merchant Partners, LP  
Greenwich, Connecticut**

***Report on the Financial Statements***

We have audited the accompanying statement of assets, liabilities and partners' capital of GENESIS MERCHANT PARTNERS, LP, including the condensed schedule of investments as at December 31, 2012 and the related statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesis Merchant Partners, LP as at December 31, 2012 and the results of its operations, changes in partners' capital and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

**Cornick, Garber & Sandler, LLP**

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SEC-NY8127-000130629



**Independent Auditors' Report**

-2-

**To the Partners of  
Genesis Merchant Partners, LP  
Greenwich, Connecticut**

***Other Matters***

As more fully described in Note B to the financial statements, approximately \$7,807,600 of the Partnership's net assets are comprised of notes receivable and accrued interest related to certain loans considered "nonperforming" in that the obligors have failed to make principal and interest payments at the scheduled due dates. In the absence of readily ascertainable market values, the Partnership has estimated the current fair value of these loans and receivables based on its evaluation of the potential future operations of the obligor and the estimated value of any collateral and personal guarantees obtained in connection with these loans. We have reviewed the procedures used by the Partnership in arriving at these estimates and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for the assets supporting the estimates existed and the differences could be material.

*Cornick Garber + Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
July 22, 2013**

**Cornick, Garber & Sandler, LLP**

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SEC-CGS-E-0066063

SEC-NY8127-000130630

**Independent Auditors' Report**

**To the Partners of  
Genesis Merchant Partners II, LP  
Greenwich, Connecticut**

**Report on the Financial Statements**

We have audited the accompanying statement of assets, liabilities and partners' capital of GENESIS MERCHANT PARTNERS II, LP, including the condensed schedule of investments as at December 31, 2012 and the related statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesis Merchant Partners II, LP as at December 31, 2012 and the results of its operations, changes in partners' capital and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

**Cornick, Garber & Sandler, LLP**

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SEC-CGS-E-0066080

SEC-NY8127-000130647

**Independent Auditors' Report**

-2-

To the Partners of  
Genesis Merchant Partners II, LP  
Greenwich, Connecticut

**Other Matters**

As more fully described in Note B to the financial statements, approximately \$443,922 of the Partnership's net assets are comprised of notes receivable and accrued interest related to certain loans considered "nonperforming" in that the obligors have failed to make principal and interest payments at the scheduled due dates. In the absence of readily ascertainable market values, the Partnership has estimated the current fair value of these loans and receivables based on its evaluation of the potential future operations of the obligor and the estimated value of any collateral and personal guarantees obtained in connection with these loans. We have reviewed the procedures used by the Partnership in arriving at these estimates and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for the assets supporting the estimates existed and the differences could be material.

*Cornick Garber Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
July 22, 2013

**Cornick, Garber & Sandler, LLP**

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SEC-CGS-E-0066081

SEC-NY8127-000130648

**Independent Auditors' Report**

To the Members of  
280 Ventures LLC  
New York, New York

***Report on the Financial Statements***

We have audited the accompanying statement of assets and liabilities of 280 VENTURES LLC, including the condensed schedule of investments as at December 31, 2012 and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 280 Ventures LLC as at December 31, 2012 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

**Cornick, Garber & Sandler, LLP**

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CGS2014\_000198

Independent Auditors' Report  
-2-

To the Members of  
280 Ventures LLC  
New York, New York

*Other Matters*

As explained in Note B, the financial statements include investments valued at \$245,468 representing approximately 99% of net assets at December 31, 2012, substantially all of which have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

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*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
July 22, 2013

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**Cornick, Garber & Sandler, LLP**

825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936  
50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

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**Independent Auditors' Report**

**To the Members of  
Granite Associates, LLC  
New York, New York**

***Report on the Financial Statements***

We have audited the accompanying statement of assets and liabilities of GRANITE ASSOCIATES, LLC, including the condensed schedule of investments as at December 31, 2012 and the related statements of operations, changes in net assets and cash flows and the financial highlights for the year then ended.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Granite Associates, LLC as at December 31, 2012 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

**Cornick, Garber & Sandler, LLP**

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CGS2014\_000519

**Independent Auditors' Report**

-2-

**To the Members of  
Granite Associates, LLC  
New York, New York**

***Other Matters***

As explained in Note B, the financial statements include an investment valued at \$104,172 representing approximately 140% of net assets at December 31, 2012, which has been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investment and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated value may differ significantly from the value that would have been used had a ready market for this investment existed and the differences could be material.

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*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**New York, New York  
July 22, 2013**

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SEC-NY8127-000000533

**Independent Auditors' Report**

To the Partners of  
Katie & Adam Bridge Partners, L.P.  
New York, New York

**Report on the Financial Statements**

We have audited the accompanying statement of assets and liabilities of KATIE & ADAM BRIDGE PARTNERS, L.P., including the condensed schedule of investments as at December 31, 2012 and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Katie & Adam Bridge Partners, L.P as at December 31, 2012 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

**Cornick, Garber & Sandler, LLP**

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**Independent Auditors' Report**

-2-

To the Partners of  
Katie & Adam Bridge Partners, L.P.  
New York, New York

***Other Matters***

As explained in Note B, the financial statements include investments valued at \$184,205 representing approximately 31% of net assets at December 31, 2012, of which investments representing approximately 16% of net assets at December 31, 2012 have been estimated by the Company's Member-Manager in the absence of readily ascertainable market values. We have reviewed the procedures used by the Company's Member-Manager in arriving at its estimate of value of such investments and have inspected underlying documentation and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

---

*Cornick, Garber & Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

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New York, New York  
July 22, 2013

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**Cornick, Garber & Sandler, LLP**

825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936

50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

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CGS2014\_000151

**Independent Auditors' Report**

To the Partners of  
Vantage Point Partners, LP

We have audited the accompanying statement of assets, liabilities and partners' capital of VANTAGE POINT PARTNERS, LP, including the condensed schedule of investments as at December 31, 2012 and the related statements of operations, changes in partners' capital and cash flows and the financial highlights for the year then ended.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vantage Point Partners, LP, as at December 31, 2012 and the results of its operations, changes in partners' capital and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
July 22, 2013

**Cornick, Garber & Sandler, LLP**

825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936

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SEC-NY8127-000114796

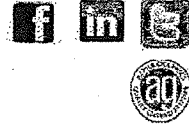


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# E-Invoice

follow us on:



**John Lanser**  
Sands Brothers Asset Management, LLC  
15 Valley Dr.  
Greenwich CT 06831  
E-mail: [REDACTED]

No. **170486**

Date 8/1/2013

P.O.

Payment Due

Quantity	Description of Services	Price
429	SBI, SBII, SBIII Venture Capital Mailing - Apply Label to Customer Supplied Envelope, print, insert, meter, seal and deliver to USPS	258.07
133	B&W Digital - SB Venture I Document	122.36
154	B&W Digital - SB Venture II Document	140.35
142	B&W Digital - SB Venture III Document	131.25
133	B&W Digital - SB Venture I Labels	58.54
154	B&W Digital - SB Venture II Labels	58.62
142	B&W Digital - SB Venture III Labels	58.62
500	9x12 Catalog Envelopes	74.38
429	B&W Digital - Sands Brother Return Address Labels	71.07

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Sales Rep: House

Payment is due as noted on this invoice. Acceptance of goods or services provided states materials meet customer expectations and specifications. If collection services are required, any additional fees required to collect this will be added to the invoice.



The mark of responsible forestry  
FSC C0C-001503

973.26
61.80
1,152.21
2,187.27
0.00
2,187.27

Payment Due **BAM007897**

**Robyn Paster**

---

**From:** Douglas J. Bisio [REDACTED]  
**Sent:** Tuesday, July 23, 2013 8:56 PM  
**Subject:** 2012 Financial Statements for Genesis Merchant Partners, LP  
**Attachments:** Genesis Merchant Partners, LP December 31, 2012.pdf

Dear Friends and Investors,

Attached please find the 2012 Financial Statements for the Genesis Merchant Partners I, LP.

As always, please do not hesitate to call us with any questions or comments you may have.

Sands Brothers Asset Management, LLC<sup>(1)</sup>  
15 Valley Drive  
Greenwich, CT 06831  
(203) 661-7500 T  
(203) 661-6500 F

1. Sands Brothers Asset Management, LLC is an Investment Advisor registered with the Securities and Exchange Commission and acts as the advisor to the Genesis Merchant Partners, LP fund.

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This email and attachments are being communicated to Accredited Investors and Qualified Purchasers on a confidential basis solely in connection with Genesis Merchant Partners, LP (the "Fund"). This email and attachments are not and should not be construed as an offer. Any investment in the Fund will be accepted solely on the basis of the Confidential Offering Memorandum (the "OM"). This email and attachments in whole or in part will not form the basis of and should not be relied upon in connection with any subsequent investment in the Fund when established or offered. To the extent that statements made in this email and attachments summarize provisions of the OM, they are qualified in their entirety by the terms of such OM. A copy of the OM must be reviewed prior to making a decision to invest in the Fund. An investment in the Fund may result in loss to an investor.

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Alternative investments such as the Fund are subject to less regulation than other types of pooled investment vehicles, may be illiquid and can involve a significant use of leverage, making them substantially riskier than other investments. Any investor who subscribes, or proposes to subscribe, for an investment in the Fund must: (1) be able to bear the risks involved; and (2) must meet the Fund's suitability requirements. Investments in the Fund may not be suitable for certain investors. No assurance can be given that the Fund's investment objectives will be achieved. Any decision to invest in the Fund should be made after reviewing the OM, conducting such investigations as the investor deems necessary and consulting the investor's own investment, legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the Fund.

---

**Robyn Paster**

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**From:** Douglas J. Bisio [dbisio@greenwichfundservices.com]  
**Sent:** Tuesday, July 23, 2013 8:56 PM  
**Subject:** 2012 Financial Statements for Genesis Merchant Partners II, LP  
**Attachments:** Genesis Merchant Partners II, LP December 31, 2012.pdf

Dear Friends and Investors,

Attached please find the 2012 Financial Statements for the Genesis Merchant Partners II, LP.

As always, please do not hesitate to call us with any questions or comments you may have.

Sands Brothers Asset Management, LLC <sup>(a)</sup>  
15 Valley Drive  
Greenwich, CT 06831  
(203) 661-7500 T  
(203) 661-6500 F

1. Sands Brothers Asset Management, LLC is an Investment Advisor registered with the Securities and Exchange Commission and acts as the advisor to the Genesis Merchant Partners II, LP fund.

This email and attachments are being communicated to Accredited Investors and Qualified Clients on a confidential basis solely in connection with Genesis Merchant Partners II, LP (the "Fund"). This email and attachments are not and should not be construed as an offer. Any investment in the Fund will be accepted solely on the basis of the Confidential Offering Memorandum (the "OM"). This email and attachments in whole or in part will not form the basis of and should not be relied upon in connection with any subsequent investment in the Fund when established or offered. To the extent that statements made in this email and attachments summarize provisions of the OM, they are qualified in their entirety by the terms of such OM. A copy of the OM must be reviewed prior to making a decision to invest in the Fund. An investment in the Fund may result in loss to an investor.

Alternative investments such as the Fund are subject to less regulation than other types of pooled investment vehicles, may be illiquid and can involve a significant use of leverage, making them substantially riskier than other investments. Any investor who subscribes, or proposes to subscribe, for an investment in the Fund must: (1) be able to bear the risks involved and (2) must meet the Fund's suitability requirements. Investments in the Fund may not be suitable for certain investors. No assurance can be given that the Fund's investment objectives will be achieved. Any decision to invest in the Fund should be made after reviewing the OM, conducting such investigations as the investor deems necessary and consulting the investor's own investment, legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the Fund.

**Robyn Paster**

---

**From:** John Lanser III [REDACTED]  
**Sent:** Thursday, July 25, 2013 2:01 PM  
**To:** Christopher Kelly [REDACTED]  
**Cc:** Douglas J. Bisio  
**Subject:** Audited Financial Sent  
**Attachments:** 20130725\_135801.jpg

Chris,

Please be advised financials for the following funds have gone out today via post.

K&A Bridge Partners  
280 Ventures  
Granite Associates  
SB Venture Capital IV

Thank you

John L. Lanser III  
Chief Operating Officer  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831  
(203) 992 - 1090  
(203) 651 - 6500 (Fax)  
(845) 461 - 3653 (Cell)  
[jlanser@GreenwichFundServices.com](mailto:jlanser@GreenwichFundServices.com)

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**Robyn Paster**

---

**From:** Douglas J. Bisio [dbisio@greenwichfundservices.com]  
**Sent:** Thursday, July 25, 2013 2:22 PM  
**Subject:** Vantage Point Partners, LP 2012 Year End Financials  
**Attachments:** Vantage Point Partners, LP December 31, 2012.pdf

Attached please find the 2012 year end financials for Vantage Point Partners, LP Fund.

Sands Brothers Asset Management, LLC <sup>(a)</sup>  
15 Valley Drive  
Greenwich, CT 06831



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**From:** David LaRocca  
**Sent:** Wednesday, April 27, 2011 11:38 AM  
**To:** Christopher Kelly  
**Subject:** Rep Letter SBVC I  
**Attachments:** Sands Brothers Venture Capital LLC Rep Letter 12312010.pdf

Chris,

Based on our conversation, here is the Rep Letter for SBVC I. Once we receive the letter back signed along with the loan receivable confirmation SBVC I can be finalized.

Thanks.

David.


David P. LaRocca, CPA

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022



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 Think before printing this email -- you could save a tree!



---

**From:** David LaRocca  
**Sent:** Friday, April 29, 2011 3:05 PM  
**To:** 'Rosalind Tsai'; Christopher Kelly; Martin S. Sands  
**Subject:** RE: Audits

Thank you Rosalind,

Chris, please send over the signature pages for Marty and Yourself so we can finalize these five reports.

Thanks.


David.

David P. LaRocca, CPA

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022



 Think before printing this email -- you could save a tree!

---

**From:** Rosalind Tsai [<mailto:rtsai@sandsbros.com>]  
**Sent:** Friday, April 29, 2011 2:59 PM  
**To:** Christopher Kelly; Martin S. Sands; David LaRocca  
**Subject:** RE: Audits

---

Please see attached for signature pages signed by Steven and Gavin. Let me know if there is anything I can do to facilitate.

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Thank you,

Rosalind

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**From:** Christopher Kelly  
**Sent:** Friday, April 29, 2011 10:48 AM  
**To:** Rosalind Tsai  
**Subject:** FW: Audits

---

When Steven and Gavin sign, please make sure Marty and I get copies of their signatures. Marty has agreed to sign.

---

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive

Greenwich CT 06831

[REDACTED]  
[REDACTED]  
[REDACTED]

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**From:** Christopher Kelly  
**Sent:** Friday, April 29, 2011 9:03 AM  
**To:** Martin S. Sands; 'sbsands@gmail.com'  
**Cc:** Rosalind Tsai  
**Subject:** Audits

We would like to get the five completed audits out the door this morning. (If not done already) Please execute attached and provide to David LaRocca.

I executed earlier this week. Let's discuss if necessary.

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831

[REDACTED]  
[REDACTED]  
[REDACTED]

---

**From:** Christopher Kelly <ckelly@sandsbros.com>  
**Sent:** Friday, April 29, 2011 3:52 PM  
**To:** David LaRocca  
**Subject:** Sands Rep Ltrs  
**Attachments:** 20110429160229896.pdf

Here they are with my signature. Only Marty is left. He said he would do it later today.



VANTAGE POINT PARTNERS, LP  
15 VALLEY DRIVE  
GREENWICH, CT 06831

April \_\_, 2011

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets, liabilities and partners' capital of Vantage Point Partners, LP, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in partners' capital, cash flows and financial highlights of Vantage Point Partners, LP in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, changes in partners' capital, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of April \_\_, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

SEC-CGS-E-0016062

SEC-NY8127-000080629

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 (i.e., notes, drafts and acceptances receivable, which have been discounted or sold with recourse, hearings or negotiations involving possible retroactive adjustments, taxes in dispute, endorsements, warranties, sureties or guarantees, unsettled judgments or claims, environmental liabilities, etc.).
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Information relating to risks and uncertainties existing as of the date of those statements regarding nature of operations, use of estimates in the preparation of financial statements, certain significant estimates and current vulnerability due to certain concentrations required to be disclosed in accordance with AICPA Statement of Position 94-6.
7. ~~The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.~~
8. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

April \_\_, 2011

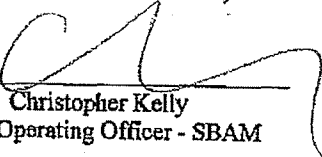
Page Three

9. The Partnership has utilized the market values provided by JP Morgan Clearing Corp. in valuing their investments with the exception of Specialty Underwriting and Residential FMTGPC/Series 2004-BC2, which was valued at a lower market price.

Very truly yours,

VANTAGE POINT PARTNERS, LP

By: \_\_\_\_\_



Christopher Kelly

Chief Operating Officer - SBAM

By: \_\_\_\_\_

Marty Sands  
Member-Manager

By: \_\_\_\_\_



Steven Sands  
Member-Manager

April \_\_, 2011

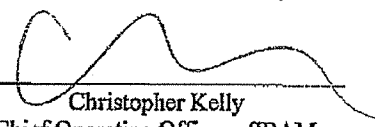
Page Three

9. The Partnership has utilized the market values provided by JP Morgan Clearing Corp. in valuing their investments with the exception of Specialty Underwriting and Residential FMTGPC/Series 2004-BC2, which was valued at a lower market price,

Very truly yours,

VANTAGE POINT PARTNERS, LP

By: \_\_\_\_\_

  
Christopher Kelly  
Chief Operating Officer - SBAM

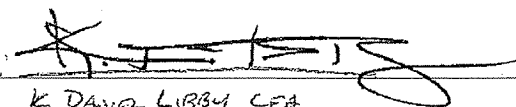
By: \_\_\_\_\_

Marty Sands  
Member-Manager

By: \_\_\_\_\_

Steven Sands  
Member-Manager

By: \_\_\_\_\_

  
K. DANIEL LIBBY, CFA



**SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831**

April \_\_, 2011

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital LLC, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of April \_\_, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all;
  - (a) Financial records and related data.
  - (b) There have been no Members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

SEC-CGS-E-0016066

SEC-NY8127-000080633

Page Two

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.


April \_\_, 2011

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Those adjustments resulted in an understatement of professional fees of approximately \$4,700 relating to an under accrual of legal fees for the year ended December 31, 2010 resulting in a \$4,700 overstatement of Company's net assets at December 31, 2010.
13. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
14. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

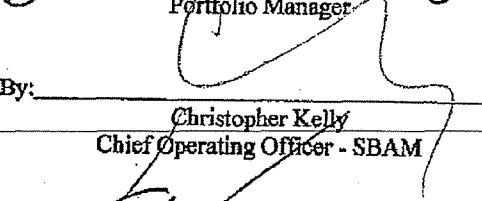
Very truly yours,

SANDS BROTHERS VENTURE CAPITAL LLC

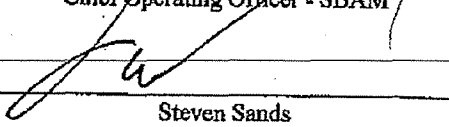
By: \_\_\_\_\_

  
Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_

  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

  
Steven Sands  
Member - Manager

By: \_\_\_\_\_

  
Marty Sands  
Member - Manager

KATIE & ADAM BRIDGE PARTNERS, L.P.  
15 VALLEY DRIVE  
GREENWICH, CT 06831

April \_\_, 2011

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Katie & Adam Bridge Partners, L.P., including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Katie & Adam Bridge Partners, L.P. in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of April \_\_, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. ~~The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.~~
2. ~~We have made available to you all financial records and related data. There have been no partners' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.~~
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) ~~Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.~~
  - (b) ~~Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.~~
  - (c) ~~Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.~~

SEC-CGS-E-0016069

SEC-NY8127-000080636

Page Two

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) ~~Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.~~
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) ~~Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.~~
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
8. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
9. ~~The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.~~

10. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
11. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
12. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

Very truly yours,

KATIE & ADAM BRIDGE PARTNERS, L.P.

By: 

Gavin Watson  
Portfolio Manager

By: 

Christopher Kelly  
Chief Operating Officer / SBAM

By: 

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager

GRANITE ASSOCIATES, LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

April \_\_, 2011

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Granite Associates, LLC, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Granite Associates, LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of April \_\_, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no Members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

SEC-CGS-E-0016072

SEC-NY8127-000080639

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.



April \_\_, 2011

Page Three

11. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
12. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

Very truly yours,

GRANITE ASSOCIATES, LLC

By: 

Gavin Watson

Portfolio Manager

By: 

Christopher Kelly

Chief Operating Officer - SBAM

By: 

Steven Sands

Member - Manager

By: \_\_\_\_\_

Marty Sands

Member - Manager

280 VENTURES LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

April \_\_, 2011

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of 280 Ventures LLC, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of 280 Ventures LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of April \_\_, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no Members' meetings or any committees thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

SEC-CGS-E-0016075

SEC-NY8127-000080642

Page Two

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of ~~liens, purchases of liens, loans, transfers and guarantees.~~
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and ~~must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.~~
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
10. ~~The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.~~

April \_\_, 2011

11. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
12. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

Very truly yours,

280 VENTURES LLC

By: 

Gavin Watson  
Portfolio Manager

By: 

Christopher Kelly  
Chief Operating Officer - SBAM

By: 

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager

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**From:** Rosalyn Warg <rwarg@sandsbros.com>  
**Sent:** Friday, April 29, 2011 4:55 PM  
**To:** David LaRocca  
**Subject:** Marty needs you & Sal to call his cell, 646 831-1129. Same message sent to Sal. Thanks.

**Importance:** High

***Rosalyn Warg***

Executive Assistant  
Sands Brothers Asset Management  
15 Valley Drive  
Greenwich, CT 06831  
Phone: 203 661-7500  
Fax: 203 661-6500  
[rwarg@sandsbros.com](mailto:rwarg@sandsbros.com)

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This email and attachments are being communicated on a confidential basis solely for the purpose of remitting information about Sands Brothers Asset Management, LLC ("Sands Brothers"). This email and attachments are not and should not be construed as an offer with respect to any fund managed by Sands Brothers (a "Fund"). Any investment in a Fund will be accepted solely on the basis of the Confidential Offering Memorandum (the "OM"). This email and attachments in whole or in part will not form the basis of and should not be relied upon in connection with any subsequent investment in a Fund when established or offered. To the extent that statements made in this email and attachments summarize provisions of the OM, they are qualified in their entirety by the terms of such OM. A copy of the OM must be reviewed prior to making a decision to invest in a Fund. An investment in a Fund may result in loss to an investor.

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Alternative investments such as the Funds are subject to less regulation than other types of pooled investment vehicles, may be illiquid and can involve the use of leverage, making them substantially riskier than other investments. Any investor who subscribes, or proposes to subscribe, for an investment in a Fund must: (1) be able to bear the risks involved and (2) must meet the Fund's suitability requirements. Investments in a Fund may not be suitable for certain investors. No assurance can be given that the Fund's investment objectives will be achieved. Any decision to invest in a Fund should be made after reviewing the OM, conducting such investigations as the investor deems necessary and consulting the investor's own investment, legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of an investment in a Fund.

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**From:** David LaRocca  
**Sent:** Monday, May 02, 2011 8:39 AM  
**To:** Christopher Kelly  
**Cc:** 'John Lanser III'  
**Subject:** Rep letters for SBVC I, Vantage, 280 , Granite & katie & Adam

Chris, John,

We have not yet received the rep letters with Marty's signature nor the loan receivable with Marty's signature for SBVC I. Once we have those we can finalize and release those five financial statements. If they come today the reports will have May 2<sup>nd</sup> as the date.

Thanks.

David.

David P. LaRocca, CPA

---

**Cornick Garber Sandler**

Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022  
212.557.3900  
646.747.4914 direct  
212.557.3936 fax  
[dlarocca@cgscpa.com](mailto:dlarocca@cgscpa.com)



Think before printing this email – you could save a tree!

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**From:** David LaRocca  
**Sent:** Monday, May 02, 2011 4:32 PM  
**To:** 'John Lanser III'  
**Subject:** RE: K&A, Granite, 280 Ventures statements

John,

I will be able to do it on Wed when I am back in the office. Any word on Marty signing the rep letters for 280, Granite, K&A, SBVC I & Vantage along with the loan confirmation. His signature is still holding us up on finalizing the financial statements.

Speak to you soon.

David.

David P. LaRocca, CPA


**Cornick Garber Sandler**

Certified Public Accountants & Advisors

---

825 Third Avenue, New  
York, NY 10022  
212.557.3900  
646.747.4914 direct  
212.557.3936 fax  
[dlarocca@cgscpa.com](mailto:dlarocca@cgscpa.com)

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 Think before printing this email -- you could save a tree!

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**From:** John Lanser III [<mailto:jlanser@greenwichfundservices.com>]  
**Sent:** Monday, May 02, 2011 4:09 PM  
**To:** David LaRocca  
**Cc:** Christopher Kelly; Douglas J. Bisio  
**Subject:** K&A, Granite, 280 Ventures statements

---

David,

Please see attached the 12/31/10 statements related to K&A, Granite and 280. Could you please do a quick review of these when you have a chance against your equity rollforward.

Thank you,

---

John L. Lanser III  
Chief Operating Officer  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831  
(203) 992-1090

██████████  
██████████

[Redacted]

*Please remember the environment before printing this email.*



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SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

June 9, 2011

Cornick, Garber & Sandley, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statements of assets and liabilities of Sands Brothers Venture Capital LLC, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 9, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all:
  - (a) Financial records and related data.
  - (b) There have been no Members' meetings or any committees thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of inventory, purchases of loans, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

- 11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
- 12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Those adjustments resulted in an understatement of professional fees of approximately \$4,700 relating to an under accrual of legal fees for this year ended December 31, 2010 resulting in a \$4,700 overstatement of Company's net assets at December 31, 2010.
- 13. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
- 14. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
- 15. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL LLC

By: \_\_\_\_\_

Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager

- 11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
- 12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Those adjustments resulted in an understatement of professional fees of approximately \$4,700 relating to an under accrual of legal fees for the year ended December 31, 2010 resulting in a \$4,700 overstatement of Company's net assets at December 31, 2010.
- 13. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
- 14. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
- 15. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL LLC

By: \_\_\_\_\_  
 Gavia Watson  
 Portfolio Manager

By: \_\_\_\_\_  
 Christopher Kelly  
 Chief Operating Officer - SBAM

By: \_\_\_\_\_  
 Steven Sands  
 Member - Manager

By: \_\_\_\_\_  
 Marty Sands  
 Member - Manager

June 9, 2011

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. These adjustments resulted in an understatement of professional fees of approximately \$4,700 relating to an under accrual of legal fees for the year ended December 31, 2010 resulting in a \$4,700 overstatement of Company's net assets at December 31, 2010.
13. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
14. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
15. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL LLC

By: 

Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: 

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager

SANDS BROTHERS VENTURE CAPITAL II LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

June 9, 2011

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital II LLC, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital II LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 9, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all:
  - (a) Financial records and related data.
  - (b) There have been no Members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.

8. There are no:

(a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.

(b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

(c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.

(d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.

(e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

(f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.

(g) Subordination agreements with respect to any of the Company's liabilities.

(h) Unusual accounting adjustments that have been made.

(i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.

9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.

10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL II LLC

By: \_\_\_\_\_

Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager



11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjoining journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL II LLC

By: \_\_\_\_\_

Garvin Watson  
Portfolio Manager

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Warty Sands  
Member - Manager

June 9, 2011

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL II LLC

By: 

Gavin Walton  
Portfolio Manager

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: 

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager

**SANDS BROTHERS VENTURE CAPITAL III LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831**

June 9, 2011

Cornick Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital III LLC, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital III LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 9, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all:
  - (a) Financial records and related data.
  - (b) There have been no Members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to this preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of items, purchases of items, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Market-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL III,LLC

By: \_\_\_\_\_

Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL III LLC

By: \_\_\_\_\_  
Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Steven Sands  
Member - Manager

By: \_\_\_\_\_  
Marty Sands  
Member - Manager

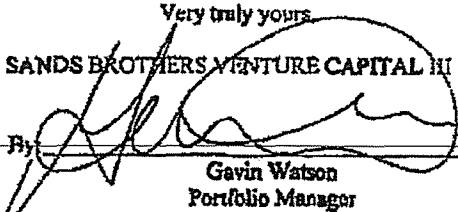
June 9, 2011

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

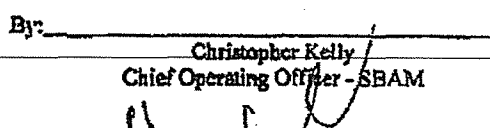
Very truly yours,

SANDS BROTHERS VENTURE CAPITAL III LLC

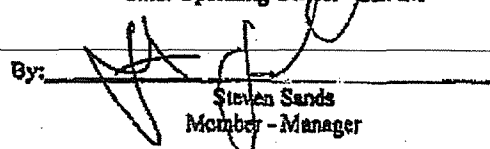
By: \_\_\_\_\_

  
Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_

  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

  
Steven Sands  
Member - Manager

By: \_\_\_\_\_

  
Marty Sands  
Member - Manager

SANDS BROTHERS VENTURE CAPITAL IV LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

June 9, 2011

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital IV LLC, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital IV LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 9, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all:
  - (a) Financial records and related data.
  - (b) There have been no Members' meetings or any committees thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.



5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.

8. There are no:

(a) Related party transactions and related amounts receivable or payable, including sales of items, purchases of items, loans, transfers and guarantees.

(b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

(c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.

(d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.

(e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

(f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.

(g) Subordination agreements with respect to any of the Company's liabilities.

(h) Unusual accounting adjustments that have been made.

(i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.

9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.

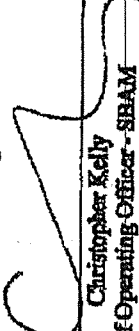
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2009, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL IV LLC

By: \_\_\_\_\_  
Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_  
  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Steven Sands  
Member - Manager

By: \_\_\_\_\_  
Marty Sands  
Member - Manager

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2009, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL IV LLC

By: \_\_\_\_\_  
Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Steven Sardi  
Member-Manager

By: \_\_\_\_\_  
Marty Sands  
Member-Manager

June 9, 2011

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2009, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL IV LLC

By: 

Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: 

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager

GENESIS MERCHANT PARTNERS, LP  
15 VALLEY DRIVE  
GREENWICH, CT 06831

June 7, 2011

Carrick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets, liabilities and partners' capital of Genesis Merchant Partners, LP, including the condensed schedule of investments as of December 31, 2010, and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in partners' capital, cash flows and financial highlights of Genesis Merchant Partners, LP in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, changes in partners' capital, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 7, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committees thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disposed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.

June 2, 2011

10. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining terms of the options and other factors considered.

12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Those adjustments resulted in an understatement of investment income of approximately \$17,000 relating to an under-accrual of professional fees in the prior year and an \$15,500 understatement of professional fees relating to under-accruals of legal fees for the year ended December 31, 2010 resulting in a \$68,500 net overstatement of partners' capital at December 31, 2010.

13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.

14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

GENESIS MERCHANT PARTNERS, LP

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

Marty Sarris  
Member-Manager

By: \_\_\_\_\_

Steven Sarris  
Member-Manager

June 2, 2011

10. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.

12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Those adjustments resulted in an understatement of investment income of approximately \$17,000 relating to an under-accrual of professional fees in the prior year and an \$85,500 understatement of professional fees relating to under-accruals of legal fees for the year ended December 31, 2010 resulting in a \$68,500 net overstatement of partners' capital at December 31, 2010.

13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.

14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

GENESIS MERCHANT PARTNERS, LP

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

Matty Sands  
Member-Manager

By: \_\_\_\_\_

Sтивен Sands  
Member-Manager



10. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.
11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. These adjustments resulted in an understatement of investment income of approximately \$17,000 relating to an under-accrual of professional fees in the prior year and an \$85,500 understatement of professional fees relating to under-accrual of legal fees for the year ended December 31, 2010 resulting in a \$68,500 net overstatement of partners' capital at December 31, 2010.
13. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

GENESIS MERCHANT PARTNERS, LP

By: \_\_\_\_\_  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Marty Sands  
Member-Manager

By: \_\_\_\_\_  
  
Steve Sealdis  
Member-Manager

GENESIS MERCHANT PARTNERS II, LP  
15 VALLEY DRIVE  
GREENWICH, CT 06831

June 9, 2011

Corniole, Garber & Sandler, LLP  
325 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets, liabilities and changes in partners' capital of Genesis Merchant Partners II, LP, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in partners' capital, cash flows and financial highlights of Genesis Merchant Partners II, LP in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, changes in partners' capital, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 9, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committees thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

June 2, 2011

Page Two

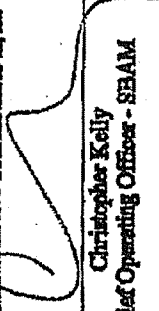
5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
- (a) Related party transactions and related amounts receivable or payable, including sales of items, purchases of items, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
10. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

- 11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value as of December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
- 12. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
- 13. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

GENESIS MERCHANT PARTNERS II, L.P.

By: \_\_\_\_\_



Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

Marty Sands  
Member-Manager

By: \_\_\_\_\_

Steven Sands  
Member-Manager

11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
13. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

GENESIS MERCHANT PARTNERS II, LP

By: \_\_\_\_\_  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Marty Sands  
Member-Manager

By: \_\_\_\_\_  
Steven Sands  
Member-Manager

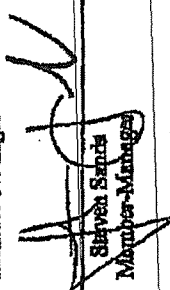
- 11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value as of December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
- 12. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
- 13. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

GENESIS MERCHANT PARTNERS II, LP

By: \_\_\_\_\_  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Marty Sands  
Member-Manager

By: \_\_\_\_\_  
  
Steven Sands  
Member-Manager

280 VENTURES LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

June 9, 2011

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of 280 Ventures LLC, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of 280 Ventures LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on this information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 9, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no Members' meetings or any committees thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of items, purchases of items, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.



11. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.

12. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

13. In regards to the bookkeeping services performed by you, we have:

- (a) Made all management decisions and performed all management functions.
- (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
- (c) Evaluated the adequacy and results of the services performed.
- (d) Accepted responsibility for the results of the services.

Very truly yours,

280 VENTURES LLC

By: \_\_\_\_\_

Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager

11. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.

12. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

13. In regards to the bookkeeping services performed by you, we have:

- (a) Made all management decisions and performed all management functions.
- (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
- (c) Evaluated the adequacy and results of the services performed.
- (d) Accepted responsibility for the results of the services.

Very truly yours,

280 VENTURES LLC

By: \_\_\_\_\_  
Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Steven Sands  
Member - Manager

By: \_\_\_\_\_  
Marty Sands  
Member - Manager

- 11. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
- 12. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
- 13. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

Very truly yours,

ADVENTURES LLC

By: 

Gavin Wasson  
Portfolio Manager

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SRAM

By: 

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager

GRANITE ASSOCIATES, LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

June 1, 2011

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Granite Associates, LLC, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Granite Associates, LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 1, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no Members' meetings or any committees thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or asserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

- 11. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
- 12. No other events have occurred subsequent to the balance sheet data that would require adjustment to, or disclosure in, the financial statements.
- 13. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

Very truly yours,

GRANITE ASSOCIATES, LLC

By: \_\_\_\_\_  
Garvin Watson  
Portfolio Manager

By: \_\_\_\_\_  
  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Steven Scuda  
Member - Manager

By: \_\_\_\_\_  
Marty Sando  
Member - Manager

11. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
12. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
13. In regards to the bookkeeping services performed by you, we have:
- (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

Very truly yours,

GRANITE ASSOCIATES, LLC

By: \_\_\_\_\_  
Garvin Watson  
Portfolio Manager

By: \_\_\_\_\_  
Christopher Kelly  
Chief Operating Officer - SDAM

By: \_\_\_\_\_  
Steven Sands  
Member - Manager

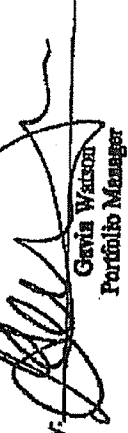
By: \_\_\_\_\_  
Marty Sands  
Member - Manager

- 11. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
- 12. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
- 13. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

Very truly yours,

GRANT ASSOCIATES, LLC

By: \_\_\_\_\_




Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_



Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager



**KATIE & ADAM BRIDGE PARTNERS, L.P.**  
**15 VALLEY DRIVE**  
**GREENWICH, CT 06831**

June 9, 2011

Cornick, Garber & Saudler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Katie & Adam Bridge Partners, L.P., including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Katie & Adam Bridge Partners, L.P. in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in this financial statement of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on this information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 9, 2011, except as set forth in this notes to our financial statements or herein, the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committee thereof during the period from the beginning of this year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
9. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

10. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.

11. No events have occurred subsequent to the date the valuations of privately held investments was provided that would negatively impact their value.

12. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.


13. In regards to the bookkeeping services performed by you, we have:

- (a) Made all management decisions and performed all management functions.
- (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
- (c) Evaluated the adequacy and results of the services performed.
- (d) Accepted responsibility for the results of the services.

Very truly yours,

KATE & ADAM BRIDGES PARTNERS, L.P.

By: \_\_\_\_\_  
Gaylin Watson  
Portfolio Manager

By: \_\_\_\_\_  
  
Christopher Kealy  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Steven Sands  
Member - Manager

By: \_\_\_\_\_  
Marty Sands  
Member - Manager

- 10. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
- 11. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
- 12. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
- 13. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

Very truly yours,

KATIE & ADAM BRIDGE PARTNERS, L.P.

By: \_\_\_\_\_  
 Gavin Watson  
 Portfolio Manager

By: \_\_\_\_\_  
 Christopher Kelly  
 Chief Operating Officer - SBAM

By: \_\_\_\_\_  
 Steven Sands  
 Member / Manager

By: \_\_\_\_\_  
 Marty Sands  
 Member - Manager

June 9, 2011

10. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2010, based on the current market value of the underlying equity securities, the remaining terms of the options and other factors considered.
11. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.
12. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
13. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

Very truly yours,

KATIE & ADAM BRIDGE PARTNERS, L.P.

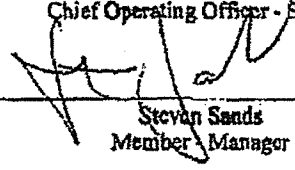
By:

  
Gavin Watson  
Portfolio Manager

By:

Christopher Kelly  
Chief Operating Officer - SBAM

By:

  
Steven Sands  
Member - Manager

By:

Marty Sands  
Member - Manager

VANTAGE POINT PARTNERS, LP  
15 VALLEY DRIVE  
GREENWICH, CT 06831

June 7, 2011

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets, liabilities and partners' capital of Vantage Point Partners, LP, including the condensed schedule of investments as at December 31, 2010, and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in partners' capital, cash flows and financial highlights of Vantage Point Partners, LP in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, changes in partners' capital, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 7, 2011, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

6. There are no:

- (a) Related party transactions and related amounts receivable or payable, including sales of loans, purchases of loans, loans, transfers and guarantees.
- (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 (i.e., notes, drafts and acceptances receivable, which have been discounted or sold with recourse, hearings or negotiations involving possible retroactive adjustments, taxes in dispute, endorsements, warranties, sureties or guarantees, unsettled judgments or claims, environmental liabilities, etc.)
- (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.
- (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
- (g) Subordination agreements with respect to any of the Partnership's liabilities.
- (h) Unusual accounting adjustments that have been made.
- (i) Information relating to risks and uncertainties existing as of the date of those statements regarding nature of operations, use of estimates in the preparation of financial statements, certain significant estimates and current vulnerability due to certain concentrations required to be disclosed in accordance with AICPA Statement of Position 94-6.

7. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.

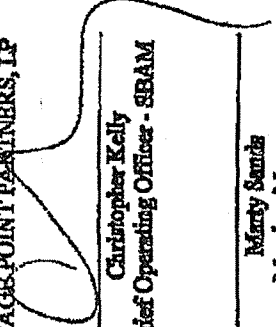
8. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.

9. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

10. The Partnership has utilized the market values provided by IP Morgan Clearing Corp. in valuing their investments with the exception of Specialty Underwriting and Residential RMTIGPC/Series 2004-BC2, which was valued at a lower market price.

Very truly yours,

VANTAGE POINT PARTNERS, LP

By:   
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Mandy Smith  
Member-Manager

By: \_\_\_\_\_  
Steven Strada  
Member-Manager

By: \_\_\_\_\_  
K. Daniel Libby  
Senior Portfolio Manager



10. The Partnership has utilized the market values provided by JP Morgan Clearing Corp. in valuing their investments with the exception of Specialty Underwriting and Residential FMIGPC/Series 2004-BC2, which was valued at a lower market price.

Very truly yours,

VANTAGE POINT PARTNERS, LP

By: \_\_\_\_\_  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Mary Sands  
Member-Manager

By: \_\_\_\_\_  
Steven Sands  
Member-Manager

By: \_\_\_\_\_  
K. Daniel Libby  
Senior Portfolio Manager

Cornick, Garber & Sandler, LLP

June 9, 2011

Page Three

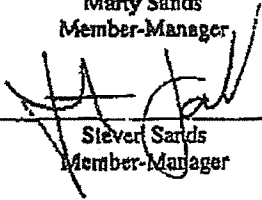
10. The Partnership has utilized the market values provided by JP Morgan Clearing Corp. in valuing their investments with the exception of Specialty Underwriting and Residential FMTGPC/Series 2004-BC2, which was valued at a lower market price.

Very truly yours,

VANTAGE POINT PARTNERS, LP

By: \_\_\_\_\_  
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_  
Marty Sands  
Member-Manager

By: \_\_\_\_\_  
  
Steven Sands  
Member-Manager

By: \_\_\_\_\_  
K. Daniel Libby  
Senior Portfolio Manager

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SEC-NY8127-00000907

SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

October 26, 2012

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital LLC, including the condensed schedule of investments as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 26, 2012, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

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5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2011, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Those adjustments resulted in a net understatement of professional fees and an overstatement of net assets of approximately \$7,800 relating to an under accrual of legal fees for the year ended December 31, 2011.
13. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
14. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2011 and no information has come to our attention which would cause us to believe there have been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.
15. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries.
16. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL LLC

By: \_\_\_\_\_

Gavin Watson  
Portfolio Manager

By: \_\_\_\_\_

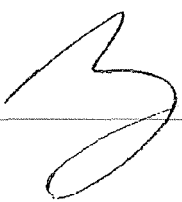
Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

Steven Sands  
Member - Manager

By: \_\_\_\_\_

Marty Sands  
Member - Manager



SANDS BROTHERS VENTURE CAPITAL II LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

October 26, 2012

Comick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital II LLC, including the condensed schedule of investments as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital II LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 26, 2012, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. ~~The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.~~
2. We have made available to you all financial records and related data. There have been no members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) ~~Fraud or suspected fraud affecting the Company involving management or others in the Company.~~
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

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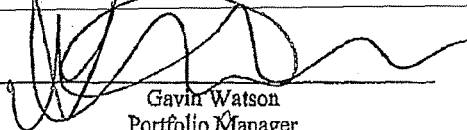
5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - ~~(b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.~~
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - ~~(g) Subordination agreements with respect to any of the Company's liabilities.~~
  - (h) Unusual accounting adjustments that have been made.
  - ~~(i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.~~
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
- ~~10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.~~

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2011, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
  12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
  13. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2011 and no information has come to our attention which would cause us to believe there have been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.
  14. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries.
- 
15. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

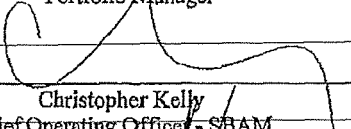
Very truly yours,

SANDS BROTHERS VENTURE CAPITAL II LLC

By:

  
Gavin Watson  
Portfolio Manager

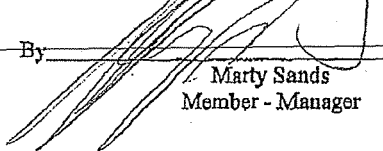
By:

  
Christopher Kelly  
Chief Operating Officer - SBAM

By:

  
Steven Sands  
Member - Manager

By:

  
Marty Sands  
Member - Manager





SANDS BROTHERS VENTURE CAPITAL III LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

October 26, 2012

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital III LLC, including the condensed schedule of investments as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital III LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 26, 2012, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - ~~(a) Fraud or suspected fraud affecting the Company involving management or others in the Company.~~
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

SEC-CGS-E-0020716

SEC-NY8127-000085283

Page Two

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

October 26, 2012

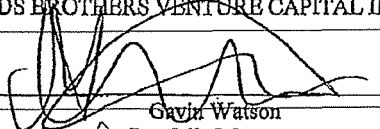
Page Three

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2011, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Those adjustments resulted in an understatement of professional fees of approximately \$17,300 relating to an under accrual of legal fees for the year ended December 31, 2011 resulting in a \$17,300 overstatement of Company's net assets at December 31, 2011.
13. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
14. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2011 and no information has come to our attention which would cause us to believe there have been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.
15. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries.
16. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

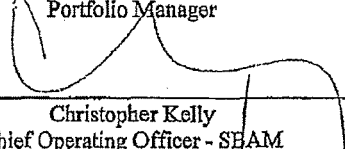
Very truly yours,

SANDS BROTHERS VENTURE CAPITAL III LLC

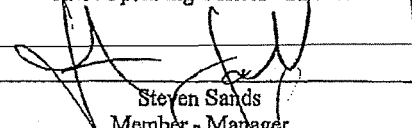
By:

  
Gavin Watson  
Portfolio Manager

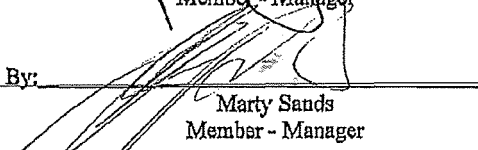
By:

  
Christopher Kelly  
Chief Operating Officer - SBAM

By:

  
Steven Sands  
Member - Manager

By:

  
Marty Sands  
Member - Manager

SEC-CGS-E-0020718

SEC-NY8127-000085285

SANDS BROTHERS VENTURE CAPITAL IV LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

October 26, 2012

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital IV LLC, including the condensed schedule of investments as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital IV LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 26, 2012, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

SEC-CGS-E-0020713

SEC-NY8127-000085280

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2011 based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2011 and no information has come to our attention which would cause us to believe there have been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.
14. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries.
15. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL IV LLC

By: 

Gavin Watson  
Portfolio Manager

By: 

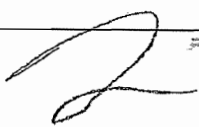
Christopher Kelly  
Chief Operating Officer SBAM

By: 

Steven Sands  
Member - Manager

By: 

Marty Sands  
Member - Manager



GENESIS MERCHANT PARTNERS, LP  
15 VALLEY DRIVE  
GREENWICH, CT 06831

October 26, 2012

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets, liabilities and partners' capital of Genesis Merchant Partners, LP, including the condensed schedule of investments as at December 31, 2011, and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in partners' capital, cash flows and financial highlights of Genesis Merchant Partners, LP in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, changes in partners' capital, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 26, 2012, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

SEC-CGS-E-0020728

SEC-NY8127-000085295

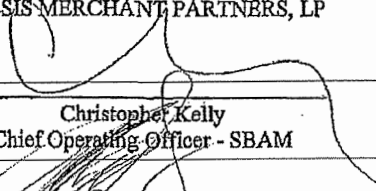
5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of ~~liens, purchases of liens, loans, transfers and guarantees.~~
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion ~~and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.~~
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Partnership has not pledged or endorsed its investments to a third party.
10. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

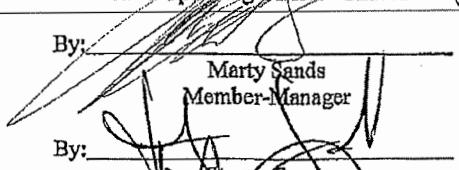


11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2011, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Those adjustments resulted in an understatement of investment income of approximately \$85,500 relating to an under-accrual of professional fees in the prior year and approximately \$157,000 understatement of professional fees relating to under-accruals of legal fees for the year ended December 31, 2011 resulting in a \$71,500 net overstatement of partners' capital at December 31, 2011.
13. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2011 and no information has come to our attention which would cause us to believe there have been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.
14. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries.
15. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

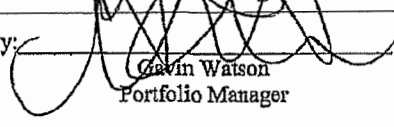
Very truly yours,

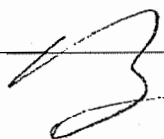
GENESIS MERCHANT PARTNERS, LP

By:   
Christopher Kelly  
Chief Operating Officer - SBAM

By:   
Marty Sands  
Member-Manager

By:   
Steven Sands  
Member-Manager

By:   
Gavin Watson  
Portfolio Manager



GENESIS MERCHANT PARTNERS II, LP  
15 VALLEY DRIVE  
GREENWICH, CT 06831

October 26, 2012

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets, liabilities and changes in partners' capital of Genesis Merchant Partners II, LP, including the condensed schedule of investments as at December 31, 2011, and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in partners' capital, cash flows and financial highlights of Genesis Merchant Partners II, LP in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, changes in partners' capital, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 26, 2012, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

SEC-CGS-E-0020725

SEC-NY8127-000085292

Page Two

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion ~~and must be disclosed in accordance with the Financial Accounting Standards Board~~ standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Partnership has not pledged or endorsed its investments to a third party.
10. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

October 26, 2012

Page Three

11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2011, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2011 and no information has come to our attention which would cause us to believe there have been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.
13. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

GENESIS MERCHANT PARTNERS II, LP

By: \_\_\_\_\_

Christopher Kelly  
Chief Operating Officer - SBAM

By: \_\_\_\_\_

Marty Sands  
Member Manager

By: \_\_\_\_\_

Steven Sands  
Member Manager

By: \_\_\_\_\_

Garin Watson  
Portfolio Manager

280 VENTURES LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

November ~~1~~, 2012  
December 20, 2012

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of 280 Ventures LLC, including the condensed schedule of investments as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of 280 Ventures LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of ~~November 1~~<sup>December 20</sup>, 2012, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2011 and no information has come to our attention which would cause us to believe there have been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.
12. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries.
13. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
14. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

Very truly yours,

280 VENTURES LLC

By: 

Gavin Watson  
Portfolio Manager

By: 

Christopher Kelly  
Chief Operating Officer - SBAM

By: 

Steven Sands  
Member - Manager

By: 

Marty Sands  
Member - Manager

GRANITE ASSOCIATES, LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

~~November 2012~~

~~December~~  
DECEMBER 20, 2012

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Granite Associates, LLC, including the condensed schedule of investments as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Granite Associates, LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of <sup>December 20,</sup> ~~November~~ 20, 2012, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

SEC-CGS-E-0019494

SEC-NY8127-000084061



~~November, 2012~~  
December 20, 2012

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

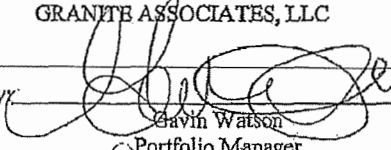
~~October 2012~~  
December 20, 2012

- 11. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2011 and no information has come to our attention which would cause us to believe there have been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.
- 12. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries.
- 13. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
- 14. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

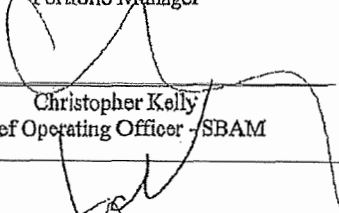
Very truly yours,

GRANITE ASSOCIATES, LLC

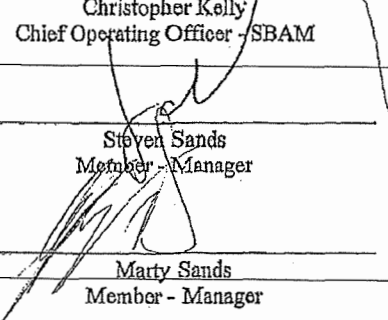
By:

  
Gavin Watson  
Portfolio Manager

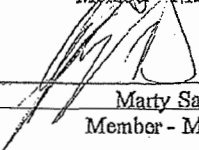
By:

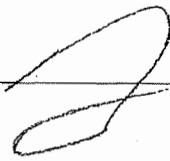
  
Christopher Kelly  
Chief Operating Officer - SBAM

By:

  
Steven Sands  
Member - Manager

By:

  
Marty Sands  
Member - Manager



KATIE & ADAM BRIDGE PARTNERS, L.P.  
15 VALLEY DRIVE  
GREENWICH, CT 06831

October 28, 2012

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Katie & Adam Bridge Partners, L.P., including the condensed schedule of investments as at December 31, 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Katie & Adam Bridge Partners, L.P. in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 26, 2012, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

SEC-CGS-E-0020707

SEC-NY8127-000085274

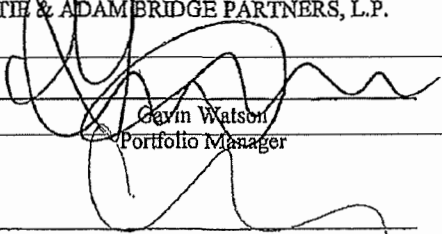
5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of ~~liens, purchases of liens, loans, transfers and guarantees.~~
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) ~~Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.~~
9. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
10. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2011, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2011 and no information has come to our attention which would cause us to believe there have been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.
13. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries.
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
15. In regards to the bookkeeping services performed by you, we have:
  - (a) Made all management decisions and performed all management functions.
  - (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - (c) Evaluated the adequacy and results of the services performed.
  - (d) Accepted responsibility for the results of the services.

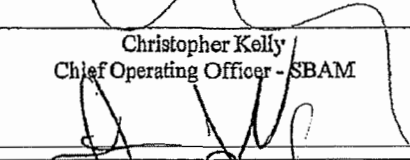
Very truly yours,

KATH & ADAM BRIDGE PARTNERS, L.P.


By:

  
Gavin Watson  
Portfolio Manager

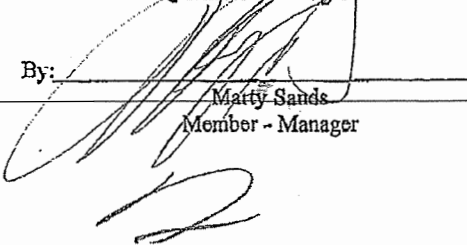
By:

  
Christopher Kelly  
Chief Operating Officer - SBAM

By:

  
Steven Sands  
Member - Manager

By:

  
Matty Sands  
Member - Manager

VANTAGE POINT PARTNERS, LP  
15 VALLEY DRIVE  
GREENWICH, CT 06831

October 26 2012

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets, liabilities and partners' capital of Vantage Point Partners, LP, including the condensed schedule of investments as at December 31, 2011, and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in partners' capital, cash flows and financial highlights of Vantage Point Partners, LP in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, changes in partners' capital, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 26 2012, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

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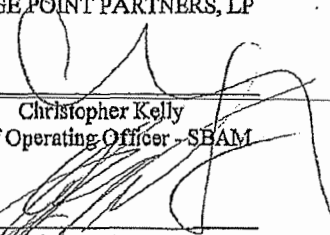
5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Accounting Standards Code 450, Contingencies (i.e., notes, drafts and acceptances receivable, which have been discounted or sold with recourse, hearings or negotiations involving possible retroactive adjustments, taxes in dispute, endorsements, warranties, sureties or guarantees, unsettled judgments or claims, environmental liabilities, etc.).
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Accounting Standards Code 450.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Information relating to risks and uncertainties existing as of the date of those statements regarding nature of operations, use of estimates in the preparation of financial statements, certain significant estimates and current vulnerability due to certain concentrations required to be disclosed in accordance with AICPA Statement of Position 94-6.
7. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Partnership has not pledged or endorsed its investments to a third party.
8. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value
9. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.


October 26 2012

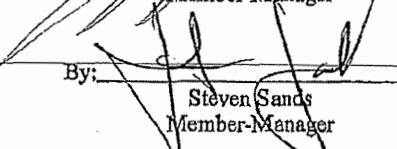
10. The Partnership has utilized the market values provided by Thomson Reuters BETA systems in valuing their investments.
11. The Partnership does not employ legal counsel and has not utilized the services of any attorney during the period from the beginning of the year under examination by you to date.
12. We are in agreement with the adjusting entries you have recommended, and they have been or will be posted to the partnership's accounts.
13. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries.
14. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2011.

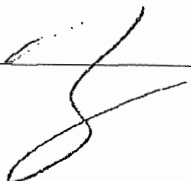
Very truly yours,

VANTAGE POINT PARTNERS, LP

By:   
Christopher Kelly  
Chief Operating Officer - SBAM

By:   
Marty Sands  
Member-Manager

By:   
Steven Sands  
Member-Manager





SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

July 25, 2013

Comick, Garber & Soudbe, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital LLC, including the condensed schedule of investments as at December 31, 2012, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 22, 2013, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

We acknowledge our responsibility for the preparation and fair presentation of statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls over financial reporting and fair presentation of the financial statements.

We are not aware of any pending or threatened litigation, claims, or asserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board's *Contingencies*.

8. There are no:

- (a) Related party transactions and related amounts receivable or payable, including sales of receivables, purchases of loans, loans, transfers and guarantees.
- (b) Violations or possible violations of laws or regulations whose effects are considered for disclosure in the financial statements on a basis for a contingency.
- (c) Other material liabilities or gain or loss contingencies that are required to be disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
- (d) Unasserted claims or assessments that a lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
- (e) Material transactions that have been properly recorded in the accounting books and records that are being audited and that may require an adjustment to the financial statements.
- (f) Arrangements with financial institutions involving compensating balances or other arrangements involving cash balances and lines of credit or other arrangements.
- (g) Subordination agreements with respect to any of the Company's liabilities.
- (h) Unusual accounting adjustments that have been made.
- (i) Significant estimates and material concentrations known to management that should be disclosed in accordance with the Financial Accounting Standards Board standard on *Estimates and Uncertainties*.

9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.

The Company has valued certain investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's estimates represent the current value of these investments. However, due to the uncertainty of valuation, the estimated values differ significantly from the values that have been used had a ready market. Investments listed and the differences could be material.

July 22, 2013

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2012, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.

12. We believe the effects of unrecorded financial statements adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. These adjustments resulted in an overstatement of pretax net fees of approximately \$7,606 relating to an under accrual of legal fees for the year ended December 31, 2011 resulting in a \$7,600 overstatement of Company's net assets at January 1, 2012.

13. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.

14. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2012 and no information has come to our attention which would cause us to believe there has been any subsequent material change in the market values of our investments classified as Level 2 and Level 3 under the FASB codification.

15. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries. There has been no subsequent correspondence received from the Securities and Exchange Commission since their letter dated September 24, 2012.

16. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL LLC

By:   
Gavin Warner  
Portfolio Manager

By:   
Christopher Kelly  
Chief Operating Officer - SBAM

By:   
Karen Grant  
Member-Manager

By:   
Mary Sandoz  
Member-Manager

SANDBROTHERS VENTURE CAPITAL II LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

July 22, 2013

Cornick Garber & Sandler, LLP  
225 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital II LLC, including the condensed schedule of investments as at December 31, 2012, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital II LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 22, 2013, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

6. We acknowledge our responsibility for the preparation and fair presentation of statements in accordance with accounting principles generally accepted in the United States and for designing, implementing, maintaining internal controls preparation and fair presentation of the financial statements.

We are not aware of any or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Financial Accounting Standards Board standard on Contingencies.

There are no:

- (a) Related party transactions and related amounts receivable or payable, including sales of items, purchases of items, loans, transfers and guarantees.
- (b) Violations or possible violations of laws or regulations whose effects are considered for disclosure in the financial statements or as a basis for a contingency.
- (c) Other material liabilities or gain or loss contingencies that are required to be disclosed by the Financial Accounting Standards Board standard on Contingencies
- (d) Unasserted claims or assessments that our lawyer has advised us are probable and must be disclosed in accordance with the Financial Accounting Standards Board standard on Contingencies.
- (e) Material transactions that not been properly recorded accounting or denying the financial statements.
- (f) Arrangements with financial institutions involving compensating balances arrangements involving restrictions on cash balances and of credit arrangements.
- (g) Subordination agreements respect to any of the Company's liabilities.
- (h) Unusual accounting adjustments that have been made.
- (i) Significant estimates and material concentrations known to management that to be disclosed in accordance with the Financial Accounting Standards Board Risk and Uncertainties.

The Company has satisfactory to all owned assets and there are no liens or on such assets nor has any asset pledged. The Company has not pledged or investments to a third party.

10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the Member-Manager, there is no current value at December 31, 2012, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2012 and no information has come to our attention which would cause us to believe there has been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FAEB codification.
14. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries. There has been no subsequent correspondence received from the Securities and Exchange Commission since their letter dated September 20, 2012.
15. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE-CAPITAL II LLC

By: 

Gavin Watson  
Portfolio Manager

By: 

Christopher Kelly  
Chief Operating Officer - SBAM

By: 

Steven Sands  
Managing Manager

By: 

Mary Sands  
Member - Manager

SANDS BROTHERS VENTURE CAPITAL III LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

July 22, 2013

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital III LLC, including the condensed schedule of investments as at December 31, 2012, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital III LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 22, 2013, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of items, purchases of items, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.



11. The Company has received certain options and warrants for the purchase of additional equity interests in our investment for which, in the opinion of the Member-Manager, there is no current value as of December 31, 2012, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Those adjustments resulted in an overstatement of professional fees of approximately \$17,300 relating to an under accrual of legal fees for the year ended December 31, 2011 resulting in a \$17,300 overstatement of Company's net assets at January 1, 2012.
13. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
14. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2012 and no information has come to our attention which would cause us to believe there has been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the PASB codification.
15. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries. There has been no subsequent correspondence received from the Securities and Exchange Commission since their letter dated September 20, 2012.
16. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL III LLC

By: 

Gavin Watson  
Portfolio Manager

By: 

Christopher Kelly  
Chief Operating Officer - SBAM

By: 

Steven Sands  
Member - Manager

By: 

Marty Sankle  
Member - Manager

SANDS BROTHERS VENTURE CAPITAL IV LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

July 22, 2013

Cornick, Jarber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Sands Brothers Venture Capital IV LLC, including the condensed schedule of investments as at December 31, 2012, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Sands Brothers Venture Capital IV LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 22, 2013, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committees thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
- a. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Assets and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Company has received certain options and warrants for the purchase of additional equity interests in our investors for which, in the opinion of the Member-Manager, there is no current value at December 31, 2012 based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We are in agreement with the adjusting journal entries you have recommended, and they have been or will be posted to the Company's accounts.
13. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2012 and no information has come to our attention which would cause us to believe there has been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.
14. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries. There has been no subsequent correspondence received from the Securities and Exchange Commission since their letter dated September 28, 2012.
15. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

Very truly yours,

SANDS BROTHERS VENTURE CAPITAL IV LLC

By: 

Gavin Watson  
Portfolio Manager

By: 

Christopher Kelly  
Chief Operating Officer - SBK/AM

By: 

Steven Egan  
Member - Manager

By: 

Marty Sands  
Member - Manager

GENESIS MERCHANT PARTNERS, LP  
15 VALLEY DRIVE  
GREENWICH, CT 06831

July 22, 2013

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets, liabilities and partners' capital of Genesis Merchant Partners, LP, including the condensed schedule of investments as at December 31, 2012, and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in partners' capital, cash flows and financial highlights of Genesis Merchant Partners, LP in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, changes in partners' capital, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 22, 2013, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committees thereof during the period from the beginning of this year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Partnership has not pledged or endorsed its investments to a third party.

10. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.
11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value as of December 31, 2012, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.
12. We believe the effects of unrecorded financial statement adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Those adjustments resulted in an understatement of investment income of approximately \$157,600 relating to an under accrual of professional fees in the prior year and an understatement of professional fees of approximately \$83,000 relating to an under accrual of legal fees for the year ended December 31, 2012 resulting in a \$74,000 net overstatement of partners' capital as of December 31, 2012.
13. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2012 and no information has come to our attention which would cause us to believe there have been any subsequent material changes to the market values of our investments classified as Level 2 and Level 3 under the VASIB codification.
14. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries. There has been no subsequent correspondence received from the Securities and Exchange Commission since their letter dated September 20, 2012.
15. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

16. With respect to our current valuations for the investments in M & D Fragrances & Cosmetics, Inc., For Trade and Naxoset Wine Co., Inc. aggregating \$1,740,640 at December 31, 2012, we have not been able to obtain verifiable estimates of the underlying value of collateral as of December 31, 2012 or currently primarily because of the ongoing status of certain related litigation and the resulting unwillingness of the obligors or guarantors to provide such information. However, based on our prior knowledge of the collateral and discussions with legal counsel concerning such litigation we believe the values assigned to these investments are reasonable in the circumstances.

Very truly yours,

GENESIS MERCHANT PARTNERS, LP

By:

  
Gavin Watson  
Portfolio Manager


By:

Christopher Kelly  
Chief Operating Officer - RBAM

By:

  
Steven Sank  
Member-Manager

By:

  
Marty Sank  
Member-Manager



GENESIS MERCHANT PARTNERS II, LP  
15 VALLEY DRIVE  
GREENWICH, CT 06831

July 22, 2013

Cornick, Garber & Sandier, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets, liabilities and changes in partners' capital of Genesis Merchant Partners II, LP, including the condensed schedule of investments as at December 31, 2012, and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in partners' capital, cash flows and financial highlights of Genesis Merchant Partners II, LP in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, changes in partners' capital, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 22, 2013, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

July 22 2013

Page Two

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Partnership has not pledged or endorsed its investments to a third party.
10. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our investees for which, in the opinion of the General Partner, there is no current value at December 31, 2012, based on the current market value of the underlying equity securities, the remaining term of the options and other factors considered.

12. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2012 and no information has come to our attention which would cause us to believe there have been any subsequent material changes to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.


13. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries. There has been no subsequent correspondence received from the Securities and Exchange Commission since their letter dated September 20, 2012.


14. No other events have occurred subsequent to the balance sheet date that would require adjustment, or disclosure in, the financial statements.


15. With respect to our current valuations for the investment in M & D Enterprises & Company, Inc. aggregating \$84,184 at December 31, 2012, we have not been able to obtain verifiable estimates of the underlying value of collateral at December 31, 2012 or currently primarily because of the ongoing status of certain related litigation and the resulting unwillingness of the obligors or guarantors to provide such information. However, based on our prior knowledge of the collateral and discussions with legal counsel concerning such litigation we believe the values assigned to these investments are reasonable in the circumstances.


Very truly yours,

GENESIS MERGEMENT PARTNERS II, LP

By:   
 Steven Waldorf  
 Portfolio Manager

By:   
 Christopher Kelly  
 Chief Operating Officer - SPAM

By:   
 Stephen Sands  
 Member-Manager

By:   
 Marty Sands  
 Member-Manager

280 VENTURES LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

July 22, 2013

Corniot, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of 280 Ventures LLC, including the condensed schedule of investments as at December 31, 2012, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of 280 Ventures LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial positions, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 22, 2013, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committees thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

July 22, 2013

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5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records regarding the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

11. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2012 and no information has come to our attention which would cause us to believe there has been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.

12. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries. There has been no subsequent correspondence received from the Securities and Exchange Commission since their letter dated September 20, 2012.

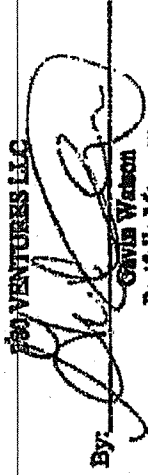
13. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

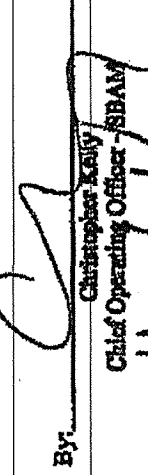
14. In regards to the bookkeeping services performed by you, we have:

- (a) Made all management decisions and performed all management functions.
- (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
- (c) Evaluated the adequacy and results of the services performed.
- (d) Accepted responsibility for the results of the services.

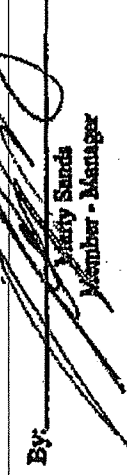
Very truly yours,

BO VENTURES LLC

By:   
Gavin Watson  
Portfolio Manager

By:   
Christopher Kelly  
Chief Operating Officer - SBAM

By:   
Steven Sands  
Member - Manager

By:   
Jeffrey Sands  
Member - Manager

GRANITE ASSOCIATES, LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

July 22, 2013

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Granite Associates, LLC, including the condensed schedule of investments as at December 31, 2012, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Granite Associates, LLC in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 22, 2013, except as set forth in this notice to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no members' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Company involving management or others in the Company.
  - (b) Fraud or suspected fraud affecting the Company received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of items, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Company's liabilities.
  - (h) Universal accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or encumbered its investments to a third party.
10. The Company has valued certain nonpublic investments in the financial statements based on estimates made by the Company's Member-Manager in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current value of these investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.



11. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2012 and no information has come to our attention which would cause us to believe there has been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.

12. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries. There has been no subsequent correspondence received from the Securities and Exchange Commission since their letter dated September 20, 2012.


13. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

14. In regards to the bookkeeping services performed by you, we have:

- (a) Made all management decisions and performed all management functions.
- (b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
- (c) Evaluated the adequacy and results of the services performed.
- (d) Accepted responsibility for the results of the services.

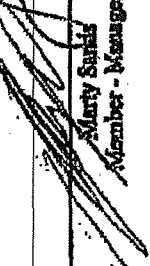
Very truly yours,

GRANT ASSOCIATES, LLC

By:   
 Gavin Watson  
 Portfolio Manager

By:   
 Christopher Kelly  
 Chief Operating Officer - SRAM

By:   
 Steven Sands  
 Member - Manager

By:   
 Marty Sunkel  
 Member - Manager

KATIE & ADAM BRIDGE PARTNERS, L.P.  
15 VALLEY DRIVE  
GREENWICH, CT 06831

July 22, 2013

Cornick, Carter & Sandler, LLP  
82.5 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets and liabilities of Katie & Adam Bridge Partners, L.P., including the condensed schedule of investments as at December 31, 2012, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, cash flows and financial highlights of Katie & Adam Bridge Partners, L.P. in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 22, 2013, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committee thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

July 22, 2013

Page Two

5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
8. There are no:
- (a) Related party transactions and related amounts receivable or payable, including sales of loans, purchases of loans, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board standard on *Contingencies*.
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board standard on *Contingencies*.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Financial Accounting Standards Board standard on *Risks and Uncertainties*.
9. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Company has not pledged or endorsed its investments to a third party.
10. The Partnership has valued certain nonpublic investments in the financial statements based on estimates made by the Partnership's General Partner in the absence of readily ascertainable market values. In management's opinion, such estimates represent the current values of those investments. However, due to the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for these investments existed and the differences could be material.

July 2, 2013

11. The Partnership has received certain options and warrants for the purchase of additional equity interests in our ventures for which, in the opinion of the General Partner, there is no current value at December 31, 2012, based on the current market value of the underlying equity securities; the remaining term of the options and other factors considered.

12. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2012 and no information has come to our attention which would cause us to believe there has been any subsequent material change to the market values of our investments classified as Level 2 and Level 3 under the FASB codification.

13. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries. There has been no subsequent correspondence received from the Securities and Exchange Commission in since their letter dated September 20, 2012.

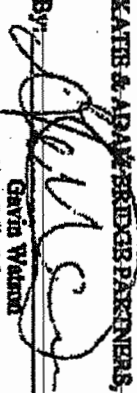
14. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

15. In regards to the bookkeeping services performed by you, we have:

- (a) Made all management decisions and performed all management functions.
- (b) Designated an individual with suitable skill, knowledge, or experience to oversee the activities.
- (c) Evaluated the adequacy and results of the services performed.
- (d) Accepted responsibility for the results of the services.


Very truly yours,

KATIE & ARIAN BRIDGES PARTNERS, L.P.

By:   
Gavin Wainor  
Portfolio Manager

By:   
Christopher Kally  
Chief Operating Officer - SBAM

By:   
Steven Bonds  
Member - Manager

By:   
Mary Smith  
Member - Manager

VANTAGE POINT PARTNERS, LP  
15 VALLEY DRIVE  
GREENWICH, CT 06831

July 22, 2013

Cornick, Garber & Sandler, LLP  
825 Third Avenue - 4th Floor  
New York, New York 10022

Gentlemen:

We are providing this letter in connection with your audit of the statement of assets, liabilities and partners' capital of Vantage Point Partners, L.P., including the condensed schedule of investments as at December 31, 2012, and the related statements of operations, changes in partners' capital, cash flows and the financial highlights for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in partners' capital, cash flows and financial highlights of Vantage Point Partners, L.P. in conformity with generally accepted accounting principles in the United States. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, changes in partners' capital, cash flows and financial highlights in conformity with generally accepted accounting principles in the United States. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 22, 2013, except as set forth in the notes to our financial statements or herein, the following representations made to you during your audit.


1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles in the United States.
2. We have made available to you all financial records and related data. There have been no partners' meetings or any committees thereof during the period from the beginning of the year under examination by you to this date for which minutes have been prepared.
3. We acknowledge our responsibility to prevent and detect fraud.
4. We have no knowledge of:
  - (a) Fraud or suspected fraud affecting the Partnership involving management or others in the Partnership.
  - (b) Fraud or suspected fraud affecting the Partnership received in communications from employees, former employees or others.
  - (c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.


5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Financial Accounting Standards Board standard on Contingencies.
8. There are no:
  - (a) Related party transactions and related amounts receivable or payable, including sales of liens, purchases of liens, loans, transfers and guarantees.
  - (b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - (c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Accounting Standards Code 450, Contingencies (i.e., notes, drafts and accounts receivable, which have been discounted or sold with recourse, hearings or negotiations involving possible retroactive adjustments, taxes in dispute, endorsements, warranties, sureties or guarantees, unasserted judgments or claims, environmental liabilities, etc.)
  - (d) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Accounting Standards Code 450.
  - (e) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - (f) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
  - (g) Subordination agreements with respect to any of the Partnership's liabilities.
  - (h) Unusual accounting adjustments that have been made.
  - (i) Information relating to risks and uncertainties existing as of the date of these statements regarding nature of operations, use of estimates in the preparation of financial statements, certain significant estimates and current vulnerability due to certain concentrations required to be disclosed in accordance with AICPA Statement of Position 94-6.
9. The Partnership has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The Partnership has not pledged or endorsed its investments to a third party.
10. No events have occurred subsequent to the date the valuations of privately held investments were provided that would negatively impact their value.

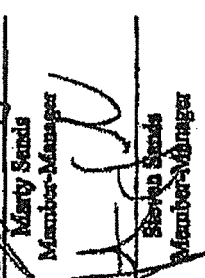
11. No other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
12. The Partnership has utilized the market values provided by Thomson Reuters EBITA systems in valuing their investments.
13. We are in agreement with the adjusting entries you have recommended, and they have been or will be posted to the partnership's accounts.
14. We have fully advised you of any ongoing inquiries by the Securities and Exchange Commission or other regulatory bodies, including our understanding of the underlying basis for such inquiries. There has been no subsequent correspondence received from the Securities and Exchange Commission since their letter dated September 20, 2012.
15. To date we have not prepared any interim financial statements for any period subsequent to December 31, 2012.

Very truly yours,

VANTAGE POINT PARTNERS, LP

By:   
Christopher Kelly  
Chief Operating Officer - SRAM

By:   
Mary Sands  
Member-Manager

By:   
Steven Sands  
Member-Manager

---

**From:** Christopher Kelly <ckelly@sandsbros.com>  
**Sent:** Tuesday, May 31, 2011 1:52 PM  
**To:** Sal Vicari  
**Subject:** Re: Genesis/Venture

Marty has advised he wants all at once.

---

**From:** Sal Vicari [mailto:svicari@cgscpa.com]  
**Sent:** Tuesday, May 31, 2011 12:35 PM  
**To:** Christopher Kelly  
**Cc:** David LaRocca <dlarocca@cgscpa.com>  
**Subject:** RE: Genesis/Venture

Hi Chris,

I spoke with Mike from ODB and they are working on revising the working papers for the adjustment to the ARX loan. They are going to call me tomorrow morning with an update on the timing. I will keep you posted on their status.

We can send you drafts of the Venture Funds and Vantage for your review today.

Please let us know if we could finalize the Venture and Vantage reports after your review and we can get them out to you sooner. We can then focus on finalizing the Genesis reports once ODB sends the revised documents.

Thanks,

Sal

---

**From:** Christopher Kelly [mailto:ckelly@sandsbros.com]  
**Sent:** Monday, May 30, 2011 8:36 PM  
**To:** Sal Vicari; David LaRocca  
**Subject:** Genesis/Venture

When will the audits be done for our review?

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831  
(203) 661 - 7500 Tel  
(203) 661 - 6500 Fax  
[ckelly@sandsbros.com](mailto:ckelly@sandsbros.com)

---

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**Circular 230 Disclosure:**

Pursuant to U.S. Treasury Department Regulations, we advise you that, unless otherwise expressly indicated, any tax advice contained in this communication, including attachments and enclosures, is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

---

**From:** Christopher Kelly [REDACTED]  
**Sent:** Tuesday, May 31, 2011 3:46 PM  
**To:** David LaRocca  
**Subject:** RE: Genesis/Venture

Rep letter to be dated April?

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831  
[REDACTED]  
[REDACTED]  
[REDACTED]

---

**From:** David LaRocca [REDACTED]  
**Sent:** Tuesday, May 31, 2011 12:56 PM  
**To:** Sal Vicari; Christopher Kelly  
**Subject:** RE: Genesis/Venture

Chris,

As a follow up, there has been no change to the Drafts sent for Vantage or the venture funds from the ones sent over during April other than a change in the eventual Report date and subsequent event date. Those reports already in hand are fine for review. I have included in this email updated Rep letters to replace the one previously signed and the loan receivable confirmation signed by Steven. If you could please have Marty sign as well we can wrap up the only open point for SBVC I. Please let me know if you have any questions.

Thanks.

David.

---


David P. LaRocca, CPA

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022  
212.557.3900

---

646.747.4914 direct  
212.557.3936 fax  
[dlarocca@cgscpa.com](mailto:dlarocca@cgscpa.com)

 Think before printing this email – you could save a tree!

---

**From:** Sal Vicari  
**Sent:** Tuesday, May 31, 2011 12:36 PM  
**To:** 'Christopher Kelly'

**Cc:** David LaRocca  
**Subject:** RE: Genesis/Venture

Hi Chris,

I spoke with Mike from ODB and they are working on revising the working papers for the adjustment to the ARX loan. They are going to call me tomorrow morning with an update on the timing. I will keep you posted on their status.

We can send you drafts of the Venture Funds and Vantage for your review today.

Please let us know if we could finalize the Venture and Vantage reports after your review and we can get them out to you sooner. We can then focus on finalizing the Genesis reports once ODB sends the revised documents.

Thanks,

Sal

---

**From:** Christopher Kelly [REDACTED]  
**Sent:** Monday, May 30, 2011 8:36 PM  
**To:** Sal Vicari; David LaRocca  
**Subject:** Genesis/Venture

---

When will the audits be done for our review?

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831  
\_\_\_\_\_  
(203) 661 - 7500 Tel  
(203) 661 - 6500 Fax  
[ckelly@sandsbros.com](mailto:ckelly@sandsbros.com)

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**From:** David LaRocca  
**Sent:** Wednesday, October 24, 2012 5:06 PM  
**To:** John Lanser III  
**Subject:** Invoices over 1 year old Granite Associates and 280 Ventures.  
**Attachments:** Old Granite and 280 Invoices.pdf

John,

Per our discussion, attached please find the four invoices totaling \$8,575 that is over 1 year old for Granite Associate. There is also a \$1,500 bill for 280 Ventures from 09/30/2011 that is also now 1 year old. As we discussed, CGS is not permitted under AICPA independence rules to issue the financial statements for these two entities without settlement of these amounts. I have included the outstanding invoices for your convenience.

Thank you.

David.

David P. LaRocca, CPA

---

**Cornick Garber Sandler**

Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022  
212.557.3900  
646.747.4914 direct  
212.557.3936 fax



Think before printing this email – you could save a tree!

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

September 30, 2011

GRANITE ASSOCIATES LLC  
C/O SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

ATTENTION: CHRISTOPHER KELLY

Invoice No. [REDACTED]

Professional services rendered during August and  
September 2011 in connection with preparation  
of 2010 federal and state partnership income tax  
returns

\$ 1,500.00

Cornick, Garber & Sandler, LLP  
825 Third Avenue New York, NY 10022-9524 T 212.557.3900 F 212.557.3936  
50 Charles Lindbergh Boulevard Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

cgscpa.com

SEC-CGS-E-0025054

SEC-NY8127-000089621

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

July 31, 2011

GRANITE ASSOCIATES LLC  
C/O SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

ATTENTION: CHRISTOPHER KELLY

Invoice No. [REDACTED]

Professional services rendered during May, June  
and July 2011 in connection with review of  
financial statements for the quarterly periods  
ending March 31, 2011 and June 30, 2011

\$ 2,075.00

Cornick, Garber & Sandler, LLP  
825 Third Avenue New York, NY 10022-9524 T 212.557.3900 F 212.557.3936  
50 Charles Lindbergh Boulevard Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

cgscpa.com

SEC-CGS-E-0025055

SEC-NY8127-000089622

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

April 30, 2011

GRANITE ASSOCIATES LLC  
C/O SANDS BROTHERS CAPITAL VENTURE LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

ATTENTION: CHRISTOPHER KELLY

Invoice No. [REDACTED]

Professional services rendered in connection  
with the audit of financial statements for  
the year ended December 31, 2010

\$ 2,000.00

Cornick, Garber & Sandler, LLP  
825 Third Avenue New York, NY 10022-9524 T 212.557.3900 F 212.557.3936  
50 Charles Lindbergh Boulevard Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

cgscpa.com

SEC-CGS-E-0025056

SEC-NY8127-000089623

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

September 30, 2010

GRANITE ASSOCIATES LLC  
C/O SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

ATTENTION: CHRISTOPHER KELLY

Invoice No. [REDACTED]

Professional services rendered in connection with  
the audit of financial statements for the year  
ended December 31, 2009 and the three month  
and six month periods ended March 31, 2010  
and June 30, 2010 and preparation of 2009 income  
tax returns

Accommodation rate \$ 3,000.00

Unpaid prior invoice 2,100.00

Total due \$ 5,100.00

Has since  
been paid,  
\$3,000  
open.

Cornick, Garber & Sandler, LLP  
825 Third Avenue New York, NY 10022-9524 T 212.557.3900 F 212.557.3936  
50 Charles Lindbergh Boulevard Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

cgscpa.com

SEC-CGS-E-0025057

SEC-NY8127-000089624



**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

September 30, 2011

280 VENTURES LLC  
C/O SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

ATTENTION: CHRISTOPHER KELLY

Invoice No. [REDACTED]

Professional services rendered during August and  
September 2011 in connection with preparation  
of 2010 federal and state partnership income tax  
returns

\$ 1,500.00

Cornick, Garber & Sandler, LLP  
825 Third Avenue New York, NY 10022-9524 T 212.557.3900 F 212.557.3936  
50 Charles Lindbergh Boulevard Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

cgscpa.com

SEC-CGS-E-0025058

SEC-NY8127-000089625

---

**From:** David LaRocca  
**Sent:** Friday, November 16, 2012 12:49 PM  
**To:** John Lanser III  
**Subject:** FW: Message from [REDACTED]  
**Attachments:** [REDACTED].pdf

John,

Here are all three invoices for 280 Ventures including the 10/31/12 we sent the other day, just so you have them all in one place.

Thanks again.

David.

David P. LaRocca, CPA


**Cornick Garber Sandler**

Certified Public Accountants & Advisors

---

825 Third Avenue, New  
York, NY 10022  
212.557.3900  
646.747.4914 direct  
212.557.3936 fax  
[dlarocca@cgscpa.com](mailto:dlarocca@cgscpa.com)

---

 Think before printing this email -- you could save a tree!

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**From:** [REDACTED] m [mailto:[REDACTED]]  
**Sent:** 11/16/2012 12:44 PM  
**To:** David LaRocca  
**Subject:** Message from KMBT\_C652

---

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

October 31, 2012

280 VENTURES LLC  
C/O SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

ATTENTION: CHRISTOPHER KELLY

Invoice No. [REDACTED]

Professional services rendered in connection  
with the audit of financial statements for the  
year ended December 31, 2011 and prep  
aration of 2011 partnership income tax returns \$ 1,250.00

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**Cornick, Garber & Sandler, LLP**  
825 Third Avenue New York, NY 10022-9524 T 212.557.3900 F 212.557.3936  
50 Charles Lindbergh Boulevard Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035 [cgscpa.com](http://cgscpa.com)

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SEC-CGS-E-0025039

SEC-NY8127-000089606

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

April 30, 2012

280 VENTURES LLC  
C/O SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

ATTENTION: CHRISTOPHER KELLY

Invoice No. [REDACTED]

Professional services rendered through April 30,  
2012 in connection with review of the 3rd  
quarter 2011 financial statements and the  
audit for the year ended December 31, 2011 \$ 2,500.00

---

Unpaid invoice (9/30/11) 1,500.00

\$ 4,000.00

Cornick, Garber & Sandler, LLP  
825 Third Avenue New York, NY 10022-9524 [REDACTED]  
50 Charles Lindbergh Boulevard Uniondale, NY 11553-3600 [REDACTED]

cgscpa.com

SEC-CGS-E-0025040

SEC-NY8127-000089607

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

September 30, 2011

280 VENTURES LLC  
C/O SANDS BROTHERS VENTURE CAPITAL LLC  
15 VALLEY DRIVE  
GREENWICH, CT 06831

ATTENTION: CHRISTOPHER KELLY

Invoice No. [REDACTED]

Professional services rendered during August and  
September 2011 in connection with preparation  
of 2010 federal and state partnership income tax  
returns

\$ 1,500.00

Cornick, Garber & Sandler, LLP  
825 Third Avenue New York, NY 10022-9524 T 212.557.3900 F 212.557.3936  
50 Charles Lindbergh Boulevard Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

cgscpa.com

SEC-CGS-E-0025041

SEC-NY8127-000089608

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of: )  
SANDS BROTHERS ASSET MANAGEMENT ) File No. NY-8127  
VENTURE CAPITAL FUNDS )  
)

WITNESS: Martin S. Sands

PAGES: 1 through 104

PLACE: Securities and Exchange Commission  
3 World Financial Center  
New York, New York 10281

DATE: Wednesday, May 23, 2012

The above-entitled matter came on for investigation,  
pursuant to notice, at 9:20 a.m.

Page 73

1 Q Have you ever seen this -- this letter before?  
 2 A I recall it's content, but I don't recall the  
 3 moment, the day, the second reading this exact letter.  
 4 But, I recall the events surrounding it.  
 5 Q Could you tell me, in as much detail as you can,  
 6 what it is you recall about the events surrounding this  
 7 letter?  
 8 A That Triage was asserting its claim to -- now  
 9 that a transaction has occurred, to have the investment  
 10 monetized.  
 11 Q Okay. Do you recall anything else about the  
 12 merger described in this letter and in the accompanying  
 13 filing in the Supreme Court of the State of New York?  
 14 A No.  
 15 Q Okay. Okay, on the first page of the letter, it  
 16 appears to be signed by the Triage management team.  
 17 Do you know who, as of May 18th, 2010, would  
 18 have comprised the Triage management team?  
 19 A No.  
 20 Q All right. Why did -- if you know, do you know  
 21 why Triage filed suit against National Holdings?  
 22 MR. KAPLAN: Filed this suit that's reflected  
 23 --  
 24 Q This exhibit, --  
 25 MR. KAPLAN: -- Exhibit 16, you're saying.

Page 74

1 Q Right.  
 2 A I read the first page. I didn't read the suit.  
 3 The answer is no.  
 4 But, from reading the letter, you can ascertain  
 5 your answer.  
 6 Q All right. Do you -- do you -- do you know the  
 7 current status of the litigation?  
 8 A No.  
 9 Q Okay. Do you know if -- did this litigation  
 10 have any bearing on the decision to extend indefinitely  
 11 the maturity date of the VC-Three and VC-Four notes that  
 12 we've been discussing today?  
 13 MR. KAPLAN: That occurred two years prior to  
 14 this date, according to the date of the document. So, I  
 15 don't understand how one could be referenced to the other.  
 16 Q Did -- did the merger, the transaction, have any  
 17 bearing on the decision to extend indefinitely the  
 18 maturity date of VC-Three and VC-Four?  
 19 A I don't know.  
 20 MR. KAPLAN: I'll note, for the record, that  
 21 the dates of these transaction make it impossible to be  
 22 that way.  
 23 Q Or -- or preliminary discussions about the  
 24 merger?  
 25 MR. KAPLAN: Are you aware of any preliminary

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1 discussions --  
 2 THE WITNESS: No.  
 3 MR. KAPLAN: -- that occurred about --  
 4 THE WITNESS: No.  
 5 MR. KAPLAN: -- this merger that impacted on  
 6 the --  
 7 THE WITNESS: No.  
 8 MR. KAPLAN: -- indefinite extension of the  
 9 notes? Are you?  
 10 THE WITNESS: No.  
 11 MR. KAPLAN: Thank you.  
 12 (Staff conferring.)  
 13 MR. EDWARDS: Sure. A break. We're off the  
 14 record at 11:02 a.m..  
 15 (Whereupon, at 11:02 a.m., a brief recess was  
 16 taken.)  
 17 MR. EDWARDS: We are back on the record, at  
 18 11:07 a.m..  
 19 BY MR. EDWARDS:  
 20 Q Mr. Sands, during the break, did we have any  
 21 conversations?  
 22 A No.  
 23 Q Okay. Does VC-Three issue financial statements  
 24 to investors?  
 25 A Yes.

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1 Q Do they issue -- issue them quarterly, annually?  
 2 A Quarterly reviews and annual audits.  
 3 BY MS. TEPPERMAN:  
 4 Q When does their fiscal year end?  
 5 MR. KAPLAN: Their?  
 6 Q The Venture Funds' fiscal year.  
 7 A December 31.  
 8 Q Have -- have audited financials been prepared  
 9 for the fiscal year ending in December, 2011?  
 10 A I don't know if they're finished yet. I think  
 11 they're in -- or they're getting close. They may have  
 12 already been done. I don't know. I have to check.  
 13 But, they're very close. They're -- they're in  
 14 the process of being worked on. They're in the -- they're  
 15 either close to being done or they're finished. I have to  
 16 check.  
 17 Q Okay. Are you involved in the preparation of  
 18 financial statements for the Venture Funds?  
 19 A No.  
 20 Q Who is involved in the preparation of those  
 21 statements?  
 22 A Chris Kelly. Cornick and Garber, who is our  
 23 auditor. Chris Kelly is our chief compliance officer.  
 24 BY MR. EDWARDS:  
 25 Q Anyone else?

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1 A Doug Bisio. He does administrative work.  
 2 Q Could you spell the last name?  
 3 A B- -- as in "boy" -- I-S-I-O.  
 4 Q And you -- and you said that he does  
 5 administrative work for the funds?  
 6 A Yes.  
 7 Q The Venture Capital Funds.  
 8 A Yes.  
 9 Q Has -- for how long has Cornick and Garber been  
 10 the auditor for the Venture Fund's financials? Since  
 11 their inception, or has there been another auditing firm  
 12 involved?  
 13 A From inception, no. Was there another auditing  
 14 firm? Yes.  
 15 Q And what auditing firm was that?  
 16 (Pause)  
 17 A I don't recall.  
 18 Q Was it Lilling [phonetic]?  
 19 A It could be Lilling and Company. I wasn't sure  
 20 at the time of the -- I thought there might be a different  
 21 one. Is there another firm that's --  
 22 MR. KAPLAN: Hold on. They're not going to  
 23 answer your questions. If you know, tell them. If you're  
 24 uncertain, say you're uncertain.  
 25 THE WITNESS: Okay.

Page 78

1 A (Continuing.) I think Lilling and Company,  
 2 originally. And, I think Cornick and Garber now. And,  
 3 I'm not sure if there was another one in between.  
 4 Q Was there a particular partner or person at  
 5 Cornick and Garber that is responsible for auditing the  
 6 financials of the Venture Capital Funds?  
 7 A Yes. You can call David LaRocca --  
 8 L-A-R-O-C-C-A, or Sal Vicari -- V-I-C-A-R-R -- A-R-I.  
 9 Q The Venture Capital Funds pay advisory fees to  
 10 SBAM, LLC, correct?  
 11 A Yes.  
 12 Q And what -- what formula is used to determine  
 13 the amount of advisory fees that the Venture Funds will  
 14 pay to SBAM?  
 15 MR. KAPLAN: Objection to form. What do you  
 16 mean? By which -- you mean what is --  
 17 MR. EDWARDS: Okay.  
 18 MR. KAPLAN: -- the formula?  
 19 Q Yeah, what -- what is the formula?  
 20 MR. KAPLAN: How is it calculated, what SBAM  
 21 receives in fees from the Venture Funds?  
 22 A On the valuation of the funds.  
 23 Q Would you try and unpack that a bit for me, on  
 24 the -- on the -- what do you mean by "on the valuation of  
 25 the funds"?

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1 A The value of the funds. Whatever the value of  
 2 the funds are, there's a fee charged on top of that.  
 3 Q Is it -- is it a quarterly fee that's paid? Is  
 4 it an annual fee that's paid?  
 5 A It's a quarterly fee.  
 6 Q Okay. And is there a percentage of the, say,  
 7 net asset value of the funds that is then paid in advisory  
 8 fees to SBAM?  
 9 A Yes.  
 10 Q And what is that percentage?  
 11 A Two percent and, I think in one or two  
 12 circumstances, it could be two and a half percent.  
 13 Q And what -- what are those circumstances?  
 14 A I just think one of the funds has a different  
 15 management fee than the other funds.  
 16 BY MS. TEPPERMAN:  
 17 Q Who does the valuation of the funds?  
 18 A Internally, with our administrator. And --  
 19 Q Who is the --  
 20 A -- and with our outside auditor.  
 21 Q Okay. Who -- who is the administrator,  
 22 currently?  
 23 A Greenwich Fund Services.  
 24 Q Okay. And when did they become the  
 25 administrator?

Page 80

1 A I don't recall.  
 2 Q Okay. In 2008, who did the valuation?  
 3 A I don't remember.  
 4 Q Has Greenwich -- is Greenwich Fund Services --  
 5 have -- had -- I'm sorry.  
 6 Has Greenwich Fund Services been the  
 7 administrator of the funds for, you know, five or more  
 8 years?  
 9 A Certainly for three. I'm not sure how far  
 10 beyond that they are.  
 11 Q Do you recall --  
 12 A You know what? Let me take that back.  
 13 I know for at least two years, maybe -- you know  
 14 what? I want to leave the answer as I don't remember. I  
 15 don't know the dates.  
 16 Q Okay. Prior to Greenwich Fund Services being  
 17 the administrator, who did the valuation for the funds?  
 18 A I don't remember.  
 19 Q Was it an outside party?  
 20 A I don't remember.  
 21 Q Do you recall a time in the past ten years where  
 22 valuation is done internally?  
 23 A I don't remember.  
 24 (Pause)  
 25 BY MR. EDWARDS:



---

**From:** David LaRocca  
**Sent:** Thursday, August 16, 2012 2:11 PM  
**To:** Christopher Kelly; [REDACTED]  
**Subject:** SEC Subpoena  
**Attachments:** SEC Subpoena 08152012.pdf

Gentlemen,

Attached please find a copy of the SEC Subpoena received by our office today in the matter of SBAM Venture Capital Funds. They are requesting on page 6 for each VC Fund and each Select Access Fund all financial statements for the period January 1, 2009 to the present.

Vty,

David.

---

David P. LaRocca, CPA

**Cornick Garber Sandler**

Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022

212.557.3900

646.747.4914 direct

212.557.3936 fax

[dlarocca@cgscpa.com](mailto:dlarocca@cgscpa.com)



Think before printing this email – you could save a tree!



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
NEW YORK REGIONAL OFFICE  
3 WORLD FINANCIAL CENTER  
SUITE 400  
NEW YORK, NEW YORK 10281-1022

WRITER'S DIRECT LINE  
(212) 336-0953  
edwardsw@sec.gov

June 12, 2012

**Via Email**

Sands Brothers Asset Management, LLC  
c/o Martin H. Kaplan, Esq.  
Gusrae, Kaplan, Bruno & Nusbaum PLLC  
[REDACTED]

**Re: In the Matter of SBAM Venture Capital Funds (NY-08127)**

Dear Mr. Kaplan:

---

Pursuant to a formal order of investigation issued by the Securities and Exchange Commission ("Commission") in the above-referenced matter, enclosed is a subpoena duces tecum that requires Sands Brothers Asset Management, LLC ("SBAM") to produce the documents described in the subpoena no later than **June 27, 2012**.

---

Although the subpoena requires the production of original documents, for SBAM's convenience, and at its own expense, you may, for the time being, produce photocopies of the documents specified. If copies are produced, you must maintain the originals in a safe and secure manner and make the originals available to the staff on request. Further, if photocopies are produced, the back of any original document (e.g. cancelled checks) must be copied and produced, if it contains any information. Photocopies must be legible and clear.

---

The documents should be produced to:

---

U.S. Securities and Exchange Commission  
3 World Financial Center – Suite 400  
New York, New York 10281  
Attn: William Edwards, Esq.

---

We request that the documents be sequentially numbered and accompanied by a list briefly identifying each document and the item or items of the subpoena to which it relates. Please also indicate (1) whether a diligent search has been made for the subpoenaed documents and (2) whether all of the documents called for by the subpoena have been produced. If any of the required documents are not furnished for any reason, we ask that you list such documents, indicate their location and state the reason(s) for their non-production. If any document called for is withheld because of a claim of attorney-client privilege, work-product protection or some other evidentiary privilege, identify (where applicable) for each such document: (a) the attorney(s) and the client(s) involved; (b) all persons or entities to whom the document was sent

or who otherwise received it; (c) all persons or entities to whom the substance of the document, in whole or in part, was communicated; (d) the date of the document; and (e) the subject matter of the document.

The service of this subpoena should not be construed as an indication by the Commission or its staff that any violation of law has occurred, nor should it be considered a reflection upon any person, entity, or security. Investigations undertaken by the Commission are confidential, and you may not disclose the existence of this subpoena or the contents thereof in any manner that would impede the investigation and therefore interfere with the enforcement of the law. Enclosed for your review is SEC Form 1662, titled "Supplemental Information for Persons Requested To Supply Information Voluntarily or Directed To Supply Information Pursuant to Commission Subpoena."

Please note that, in any matter in which enforcement action is ultimately deemed to be warranted, the Division of Enforcement will not recommend any settlement to the Commission unless the party wishing to settle certifies, under penalty of perjury, that all documents responsive to Commission subpoenas and formal and informal document requests in this matter have been produced.

If you have any questions concerning the subpoena or the documents required to be produced, call me at [REDACTED]

Sincerely,



William Edwards  
Senior Attorney  
Enforcement Division

Enclosures: Subpoena w/ Attachment  
SEC Data Delivery Standards  
SEC Form 1662



**SUBPOENA**

**UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of SBAM Venture Capital Funds (NY-08127)**

To: Sands Brothers Asset Management, LLC  
c/o Martin H. Kaplan, Esq.  
Gusrae, Kaplan, Bruno & Nusbaum PLLC  
120 Wall Street  
New York, New York 10005

**YOU MUST PRODUCE** everything specified in the Attachment to this subpoena to officers of the Securities and Exchange Commission, at the place, date and time specified below.

**3 World Financial Center, Room 400, New York, NY, 10281 on or before June 27, 2012**

**no later than 5:00 p.m.**

**YOU MUST TESTIFY** before officers of the Securities and Exchange Commission, at the place, date and time specified below.

**FEDERAL LAW REQUIRES YOU TO COMPLY WITH THIS SUBPOENA.**

Failure to comply may subject you to a fine and/or imprisonment.

By:



William Edwards  
Enforcement Division

Date: June 12, 2012

I am an officer of the Securities and Exchange Commission authorized to issue subpoenas in this matter. The Securities and Exchange Commission has issued a formal order authorizing this investigation under Section 20(a) of the Securities Act of 1933 and Section 21(a) of the Securities Exchange Act of 1934.

**SUBPOENA ATTACHMENT**  
**Sands Brothers Asset Management, LLC**  
**June 12, 2012**

**I. Definitions**

Unless otherwise stated, the terms set forth below are defined as follows:

- A. "SBAM" shall mean Sands Brothers Asset Management, LLC, and any of its parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents, wherever located, including, but not limited to, Julios Trust, Targhee Trust, and Sands Brothers Asset Management, Ltd.
- B. "Sands Related Entities and Persons" shall mean SBAM, Steven Sands, Martin Sands, and all entities subject to any direct or indirect beneficial interest or control, at any point in time, by SBAM, Steven Sands, or Martin Sands, including, but not limited to, Sands Brothers Asset Management, Ltd., Julios Trust, Targhee Trust, Sands Brothers & Co., Ltd., Sands Brothers & Co., LLC, Sands Brothers International, Ltd., Sands Brothers Canada, Ltd., Laidlaw Holdings, Plc., Triage Partners LLC, Olympic Cascade Financial Corporation, National Securities Corporation, and any parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents thereof, wherever located.
- C. "Laidlaw" shall mean Laidlaw & Company (UK) Ltd., and any of its parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents, wherever located, including, but not limited to, Buff Trust, Gamet Trust, Laidlaw Holdings, Plc., Laidlaw Asset Management, LLC, Laidlaw Global Securities, Inc., Laidlaw Holdings, Inc., and Laidlaw Global Corp.
- D. "Triage" shall mean Triage Partners LLC, and any of its parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents, wherever located.
- E. "Select Access Funds" shall mean Select Access LLC, Select Access I, LLC, Select Access II, LLC, Select Access III, LLC, Select Access IV, LLC, Select Access V, LLC, Select Access Management V, LLC, Select Access (Institutional) LLC, Select Access Institutional II, LLC, Sands Brothers Select Access V, LLC, Sands Brothers Select Access III Operating Account, Sands Brothers Select Access Institution, Sands Brothers Select Access IV, LLC, SB Select Access LLC, SB Opportunity Technology Management Institution LLC, Amerindo Technology Management Institution LLC, SB Opportunity Technology Associates Institution LLC, Amerindo Technology Associates Institution LLC

and Select Access Offshore, Ltd., and any predecessors or successors thereof, and any of their agents, representatives or employees.

F. "VC Funds" shall mean Sands Brothers Venture Capital, LLC, Sands Brothers Venture Capital II, LLC, Sands Brothers Venture II Capital, LLC, Sands Brothers Venture Capital III, LLC, Sands Brothers Venture Capital 111, LLC, Sands Brothers Venture Capital IV, LLC, Katie and Adam Bridge Partners, L.P., SB Venture Capital, LLC, Granite Associates LLC, and 280 Ventures, LLC, and any predecessors or successors thereof, and any of their agents, representatives or employees.

G. "Funds" shall mean all pooled investment vehicles, special purpose acquisition companies, pension funds, hedge funds, and any other investment funds managed by SBAM, including, but not limited to, Select Access Funds, VC Funds, Genesis Merchant Partners, L.P., Genesis Merchant Offshore Fund, Ltd., Triage Partners LLC, SB Zap Associates LLC, SB Realwire Associates LLC, Scout Acquisition Corp., Lynx Acquisition, Inc., Metric Stream, Inc., SB Prime Property, LLC, First Flight, Inc., Critical Capital Growth Fund LP OP ACCT, SB Amerindo Technology Assoc. Inst., and any predecessors or successors thereof, and any of their agents, representatives or employees.

H. "Advisory Clients" shall mean all clients of SBAM for which SBAM provides investment advisory services, including, but not limited to, any investors or shareholders in the Select Access Funds, VC Funds, Genesis Merchant Partners, L.P., and all other pooled investment vehicles, special purpose acquisition companies, pension funds, hedge funds, other investment funds, individuals, corporations, institutions, and municipalities managed by SBAM.

I. "Document" shall mean all materials from which information can be obtained that are or have been in your possession, custody, or control at any time up to the present, whether drafts or finished versions, originals or non-conforming copies, however and by whomever created, produced or stored (manually, mechanically, electronically or otherwise), including, without limitation, contracts, agreements, papers, correspondence, memoranda, notes, articles, reports, lists, logs, files, records, books, message slips, wires, electronic mail, computer discs, computer print-outs, tape recordings, videotapes, telegrams, facsimile copies, telephone logs, calendars, date books, bank records, worksheets, summaries, invoices, paid or unpaid bills, records of billings, purchase orders, checks, drafts for money, records of payments, cash receipts, cash disbursements ledgers, magnetic tape, disks, diskettes, optical disks, disk packs and other electronic media, microfilm, microfiche, and storage devices.

J. "Person" shall mean any natural person or any business, legal or governmental entity or association.

K. "Concerning" shall mean relating to, referring to, describing, mentioning, memorializing, reflecting, evidencing, pertaining to, involving, embodying, or constituting.

- L. The connectives “and” and “or” shall be construed either disjunctively or conjunctively as necessary to bring within the scope of the subpoena all responses and production of documents that might otherwise be construed to be outside of its scope.
- M. “Communication” shall mean the transmission of information in the form of facts, ideas, inquiries, or otherwise.
- N. “All” shall mean each, every, any, and all.
- O. “Any” shall be construed as “any and all.”
- P. The use of the singular form of any word includes the plural and vice versa.

## II. Instructions

- A. Documents are to be organized according to the order and subjects listed in this Attachment, and should be accompanied by a list briefly identifying each document and the item(s) to which it corresponds on the list of Documents And Information Requested in Section III. of this Attachment.
- B. Produce documents pursuant to the enclosed copy of “SEC Data Delivery Standards.” Produce to the extent possible, all documents electronically on CD-ROM discs in Microsoft Outlook (.pst) format and, if possible, the imaged documents should be compatible with a Concordance database with fields for (a) bates number ranges, (b) date of document, (c) document type (i.e. letter, memorandum, fax, or other identifying language), and (d) OCR information for each imaged document.
- C. Where email is requested (a) produce email on a CD-ROM disc in Microsoft Outlook (.pst) format; (b) submit a separate .pst file for each employee; (c) produce all deleted emails and any other emails retained in back-up files; and (d) restore and produce each email in its entirety, including all attachments.
- D. Each document is to be produced in its entirety, including all non-identical copies and drafts, without abbreviation, expurgation or redaction.
- E. If any document is withheld for any reason, please submit a list stating: (a) the identity of the document; (b) the number of pages; (c) the author(s) of the document; (d) the date of creation of the document; (d) the identity of the present, or last known, custodian; (e) all persons or entities to whom the substance of the document was communicated, in whole or in part; (f) state the nature of the privilege asserted, and all facts upon which that assertion is based.
- F. If a document is withheld on grounds of attorney-client privilege, in addition to providing the information requested Section I.E. above, state: (a) the basis for the

claim of privilege; (b) the identity of the attorney(s) and client involved; (c) the date when the attorney was retained; (d) the duration of the retention; and (e) the general subject matter of the document.

- G. If any document once was, but no longer is, in your possession, custody or control, please submit a list stating: (a) the identity of the document; (b) the reason why the document is not being produced; (c) the identity of the present, or last known, custodian; and (d) the date of the loss, destruction, discarding, theft or other disposal of the document.

**III. Documents And Information Requested**

Please produce the following documents and information for each VC Fund and each Select Access Fund:

- 1 All audited and/or unaudited financial statements provided to investors during the period January 1, 2009 to the present.
  - 2 Documents sufficient to identify the date(s) on which all audited and/or unaudited financial statements produced in response to Request Number 1 above were provided to investors.
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
NEW YORK REGIONAL OFFICE  
3 WORLD FINANCIAL CENTER  
SUITE 400  
NEW YORK, NEW YORK 10281-1022

WRITER'S DIRECT LINE  
(212) 336-0953  
edwardsw@sec.gov

August 15, 2012

**Via Overnight Mail**  
Cornick, Garber & Sandler, LLP  
825 Third Avenue  
New York, NY 10022-9524

**Re: In the Matter of SBAM Venture Capital Funds (NY-08127)**

To Whom It May Concern:

Pursuant to a formal order of investigation issued by the Securities and Exchange Commission ("Commission") in the above-referenced matter, enclosed is a subpoena duces tecum that requires Cornick, Garber & Sandler, LLP to produce the documents described in the subpoena no later than **August 30, 2012**.

Although the subpoena requires the production of original documents, for Cornick, Garber & Sandler LLP's convenience, and at its own expense, you may, for the time being, produce photocopies of the documents specified. If copies are produced, you must maintain the originals in a safe and secure manner and make the originals available to the staff on request. ~~Further, if photocopies are produced, the back of any original document (e.g. cancelled checks)~~ must be copied and produced, if it contains any information. Photocopies must be legible and clear.

The documents should be produced to:

U.S. Securities and Exchange Commission  
3 World Financial Center – Suite 400  
New York, New York 10281  
Attn: William Edwards, Esq.

We request that the documents be sequentially numbered and accompanied by a list briefly identifying each document and the item or items of the subpoena to which it relates. Please also indicate (1) whether a diligent search has been made for the subpoenaed documents and (2) whether all of the documents called for by the subpoena have been produced. If any of the required documents are not furnished for any reason, we ask that you list such documents, indicate their location and state the reason(s) for their non-production. If any document called for is withheld because of a claim of attorney-client privilege, work-product protection or some other evidentiary privilege, identify (where applicable) for each such document: (a) the attorney(s) and the client(s) involved; (b) all persons or entities to whom the document was sent or who otherwise received it; (c) all persons or entities to whom the substance of the document,

SEC-CGS-E-0024447

SEC-NY8127-000089014

in whole or in part, was communicated; (d) the date of the document; and (e) the subject matter of the document.

The service of this subpoena should not be construed as an indication by the Commission or its staff that any violation of law has occurred, nor should it be considered a reflection upon any person, entity, or security. Investigations undertaken by the Commission are confidential, and you may not disclose the existence of this subpoena or the contents thereof in any manner that would impede the investigation and therefore interfere with the enforcement of the law. Enclosed for your review is SEC Form 1662, titled "Supplemental Information for Persons Requested To Supply Information Voluntarily or Directed To Supply Information Pursuant to Commission Subpoena."

Please note that, in any matter in which enforcement action is ultimately deemed to be warranted, the Division of Enforcement will not recommend any settlement to the Commission unless the party wishing to settle certifies, under penalty of perjury, that all documents responsive to Commission subpoenas and formal and informal document requests in this matter have been produced.

If you have any questions concerning the subpoena or the documents required to be produced, call me at (212) 336-0953.

---

Sincerely,



William Edwards  
Senior Attorney  
Enforcement Division

---

Enclosures: Subpoena w/ Attachment  
SEC Data Delivery Standards  
SEC Form 1662

---



**SUBPOENA**

**UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION**

In the Matter of SBAM Venture Capital Funds (NY-08127)

To: Cornick, Garber & Sandler, LLP  
825 Third Avenue  
New York, NY 10022-9524

**YOU MUST PRODUCE** everything specified in the Attachment to this subpoena to officers of the Securities and Exchange Commission, at the place, date and time specified below.

**3 World Financial Center, Room 400, New York, NY, 10281 on or before August 30, 2012  
no later than 5:00 p.m.**

**YOU MUST TESTIFY** before officers of the Securities and Exchange Commission, at the place, date and time specified below.

**FEDERAL LAW REQUIRES YOU TO COMPLY WITH THIS SUBPOENA.**

Failure to comply may subject you to a fine and/or imprisonment.

By: William Edwards  
William Edwards  
Enforcement Division

Date: August 15, 2012

I am an officer of the Securities and Exchange Commission authorized to issue subpoenas in this matter. The Securities and Exchange Commission has issued a formal order authorizing this investigation under Section 20(a) of the Securities Act of 1933 and Section 21(a) of the Securities Exchange Act of 1934.

**SUBPOENA ATTACHMENT**  
**Cornick, Garber & Sandler LLP**  
**August 15, 2012**

**I. Definitions**

Unless otherwise stated, the terms set forth below are defined as follows:

- A. "Cornick, Garber & Sandler LLP" shall mean Cornick, Garber & Sandler LLP and any predecessors, affiliates, subsidiaries or successors thereof, and any of their agents, representatives, or employees..
- B. "SBAM" shall mean Sands Brothers Asset Management, LLC, and any of its parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents, wherever located, including, but not limited to, Julios Trust, Targhee Trust, and Sands Brothers Asset Management, Ltd.
- C. "Sands Related Entities and Persons" shall mean SBAM, Steven Sands, Martin Sands, and all entities subject to any direct or indirect beneficial interest or control, at any point in time, by SBAM, Steven Sands, or Martin Sands, including, but not limited to, Sands Brothers Asset Management, Ltd., Julios Trust, Targhee Trust, Sands Brothers & Co., Ltd., Sands Brothers & Co., LLC, Sands Brothers International, Ltd., Sands Brothers Canada, Ltd., Laidlaw Holdings, Plc., Triage Partners LLC, Olympic Cascade Financial Corporation, National Securities Corporation, and any parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents thereof, wherever located.
- D. "Laidlaw" shall mean Laidlaw & Company (UK) Ltd., and any of its parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents, wherever located, including, but not limited to, Buff Trust, Garnet Trust, Laidlaw Holdings, Plc., Laidlaw Asset Management, LLC, Laidlaw Global Securities, Inc., ~~Laidlaw Holdings, Inc., and Laidlaw Global Corp.~~
- E. "Triage" shall mean Triage Partners LLC, and any of its parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents, wherever located.
- F. "Select Access Funds" shall mean Select Access LLC, Select Access I, LLC, Select Access II, LLC, Select Access III, LLC, Select Access IV, LLC, Select Access V, LLC, Select Access Management V, LLC, Select Access (Institutional) LLC, Select Access Institutional II, LLC, Sands Brothers Select Access V, LLC, Sands Brothers Select Access III Operating Account, Sands Brothers Select Access Institution, Sands Brothers Select Access IV, LLC, SB Select Access LLC, SB Opportunity Technology Management Institution LLC, Amerindo

Technology Management Institution LLC, SB Opportunity Technology Associates Institution LLC, Amerindo Technology Associates Institution LLC and Select Access Offshore, Ltd., and any predecessors or successors thereof, and any of their agents, representatives or employees.

G. "VC Funds" shall mean Sands Brothers Venture Capital, LLC, Sands Brothers Venture Capital I, LLC, Sands Brothers Venture II Capital, LLC, Sands Brothers Venture Capital III, LLC, Sands Brothers Venture Capital 111, LLC, Sands Brothers Venture Capital IV, LLC, Katie and Adam Bridge Partners, L.P., SB Venture Capital, LLC, Granite Associates LLC, and 280 Ventures, LLC, and any predecessors or successors thereof, and any of their agents, representatives or employees.

H. "Funds" shall mean all pooled investment vehicles, special purpose acquisition companies, pension funds, hedge funds, and any other investment funds managed by SBAM, including, but not limited to, Select Access Funds, VC Funds, Genesis Merchant Partners, L.P., Genesis Merchant Offshore Fund, Ltd., Triage Partners LLC, SB Zap Associates LLC, SB Realwire Associates LLC, Scout Acquisition Corp., Lynx Acquisition, Inc., Metric Stream, Inc., SB Prime Property, LLC, First Flight, Inc., Critical Capital Growth Fund LP OP ACCT, SB Amerindo Technology Assoc. Inst., and any predecessors or successors thereof, and any of their agents, representatives or employees.

I. "Advisory Clients" shall mean all clients of SBAM for which SBAM provides investment advisory services, including, but not limited to, any investors or shareholders in the Select Access Funds, VC Funds, Genesis Merchant Partners, L.P., and all other pooled investment vehicles, special purpose acquisition companies, pension funds, hedge funds, other investment funds, individuals, corporations, institutions, and municipalities managed by SBAM.

J. "Document" shall mean all materials from which information can be obtained that are or have been in your possession, custody, or control at any time up to the present, ~~whether drafts or finished versions, originals or non-conforming copies,~~ however and by whomever created, produced or stored (manually, mechanically, electronically or otherwise), including, without limitation, contracts, agreements, papers, correspondence, memoranda, notes, articles, reports, lists, logs, files, records, books, message slips, wires, electronic mail, computer discs, computer print-outs, tape recordings, videotapes, telegrams, facsimile copies, telephone logs, calendars, date books, bank records, worksheets, summaries, invoices, paid or unpaid bills, records of billings, purchase orders, checks, drafts for money, records of payments, cash receipts, cash disbursements ledgers, magnetic tape, ~~disks, diskettes, optical disks, disk packs and other electronic media, microfilm,~~ microfiche, and storage devices.

K. "Person" shall mean any natural person or any business, legal or governmental entity or association.

- L. "Concerning" shall mean relating to, referring to, describing, mentioning, memorializing, reflecting, evidencing, pertaining to, involving, embodying, or constituting.
- M. The connectives "and" and "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of the subpoena all responses and production of documents that might otherwise be construed to be outside of its scope.
- N. "Communication" shall mean the transmission of information in the form of facts, ideas, inquiries, or otherwise.
- O. "All" shall mean each, every, any, and all.
- P. "Any" shall be construed as "any and all."
- Q. The use of the singular form of any word includes the plural and vice versa.

**II. Instructions**

- A. Produce documents pursuant to the enclosed copy of "SEC Data Delivery Standards."
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**III. Documents And Information Requested**

Please produce the following documents and information for each VC Fund and each Select Access Fund:

- 1 All financial statements for the period January 1, 2009 to the present.
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
NEW YORK REGIONAL OFFICE  
3 WORLD FINANCIAL CENTER  
SUITE 400  
NEW YORK, NEW YORK 10281-1022

WRITER'S DIRECT LINE  
(212) 336-0953  
edwardsw@sec.gov

September 20, 2012

**Via Email**

Sands Brothers Asset Management, LLC  
c/o Martin H. Kaplan, Esq.  
Gusrae, Kaplan, Bruno & Nusbaum PLLC  
120 Wall Street  
New York, NY 10005

**Re: In the Matter of SBAM Venture Capital Funds (NY-08127)**

Dear Mr. Kaplan:

The staff of the Securities and Exchange Commission (the "Commission") is conducting an investigation into the above-referenced matter. The enclosed subpoena has been issued pursuant to a formal order of investigation entered by the Commission and requires Sands Brothers Asset Management, LLC ("SBAM") to produce documents to the undersigned by **October 5, 2012**, at the following address:

U.S. Securities and Exchange Commission  
3 World Financial Center – Suite 400  
New York, New York 10281  
Attn: William Edwards, Esq.

~~The staff requests that SBAM maintain and preserve from destruction, deletion, or alteration all documents in its possession, custody, or control, in both electronic and hard copy format, concerning or relating to the subject matter referenced in the enclosed subpoena.~~

This investigation is non-public and should not be construed as an indication by the Commission or its staff that any violations of law have occurred, or as a reflection upon any person, entity, or security. Please note that, in any matter in which enforcement action is ultimately deemed to be warranted, the Division of Enforcement will not recommend any settlement unless the party wishing to settle certifies, under penalty of perjury, that all documents responsive to subpoenas and formal and informal document requests issued by the Commission or its staff in this matter have been produced. In addition, information provided is subject to the Commission's routine uses. A list of those uses is contained in the enclosed copy of SEC Form 1662, which also contains other important information. Please review SEC Form 1662 prior to providing any information responsive to this subpoena.

If you have any questions concerning the subpoena or the documents required to be produced, call me at (212) 336-0953.

Sincerely,



William Edwards  
Senior Attorney  
Enforcement Division

Enclosures: Subpoena w/ Attachment  
SEC Data Delivery Standards  
SEC Form 1662

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**SUBPOENA**

**UNITED STATES OF AMERICA**  
**SECURITIES AND EXCHANGE COMMISSION**

In the Matter of SBAM Venture Capital Funds (NY-08127)

To: Sands Brothers Asset Management, LLC  
c/o Martin H. Kaplan, Esq.  
Gusrae, Kaplan, Bruno & Nusbaum PLLC  
120 Wall Street  
New York, NY 10005

**YOU MUST PRODUCE** everything specified in the Attachment to this subpoena to officers of the Securities and Exchange Commission, at the place, date and time specified below.

**3 World Financial Center, Room 400, New York, NY, 10281 on or before October 5, 2012  
no later than 5:00 p.m.**

**YOU MUST TESTIFY** before officers of the Securities and Exchange Commission, at the place, date and time specified below.

**FEDERAL LAW REQUIRES YOU TO COMPLY WITH THIS SUBPOENA.**

Failure to comply may subject you to a fine and/or imprisonment.

By:

*William Edwards*

Date: September 20, 2012

William Edwards  
Enforcement Division

I am an officer of the Securities and Exchange Commission authorized to issue subpoenas in this matter. The Securities and Exchange Commission has issued a formal order authorizing this investigation under Section 20(a) of the Securities Act of 1933 and Section 21(a) of the Securities Exchange Act of 1934.

**SUBPOENA ATTACHMENT**  
**Sands Brothers Asset Management, LLC**  
**September 20, 2012**

**I. Definitions**

Unless otherwise stated, the terms set forth below are defined as follows:

1. "SBAM" shall mean Sands Brothers Asset Management, LLC, and any of its parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents, wherever located, including, but not limited to, Julios Trust, Targhee Trust, and Sands Brothers Asset Management, Ltd.
2. "Sands Related Entities and Persons" shall mean SBAM, Steven Sands, Martin Sands, and all entities subject to any direct or indirect beneficial interest or control, at any point in time, by SBAM, Steven Sands, or Martin Sands, including, but not limited to, Sands Brothers Asset Management, Ltd., Julios Trust, Targhee Trust, Sands Brothers & Co., Ltd., Sands Brothers & Co., LLC, Sands Brothers International, Ltd., Sands Brothers Canada, Ltd., Laidlaw Holdings, Plc., Triage Partners LLC, Olympic Cascade Financial Corporation, National Securities Corporation, and any parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents thereof, wherever located.
3. "Laidlaw" shall mean Laidlaw & Company (UK) Ltd., and any of its parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents, wherever located, including, but not limited to, Buff Trust, Garnet Trust, Laidlaw Holdings, Plc., Laidlaw Asset Management, LLC, Laidlaw Global Securities, Inc., Laidlaw Holdings, Inc., and Laidlaw Global Corp.
4. "Triage" shall mean Triage Partners LLC, and any of its parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents, wherever located.
5. "Select Access Funds" shall mean Select Access LLC, Select Access I, LLC, Select Access II, LLC, Select Access III, LLC, Select Access IV, LLC, Select Access V, LLC, Select Access Management V, LLC, Select Access (Institutional) LLC, Select Access Institutional II, LLC, Sands Brothers Select Access V, LLC, Sands Brothers Select Access III Operating Account, Sands Brothers Select Access Institution, Sands Brothers Select Access IV, LLC, SB Select Access LLC, SB Opportunity Technology Management Institution LLC, Amerindo Technology Management Institution LLC, SB Opportunity Technology

Associates Institution LLC, Amerindo Technology Associates Institution LLC and Select Access Offshore, Ltd., and any predecessors or successors thereof, and any of their agents, representatives or employees.

6. "VC Funds" shall mean Sands Brothers Venture Capital, LLC, Sands Brothers Venture Capital II, LLC, Sands Brothers Venture II Capital, LLC, Sands Brothers Venture Capital III, LLC, Sands Brothers Venture Capital 111, LLC, Sands Brothers Venture Capital IV, LLC, Katie and Adam Bridge Partners, L.P., SB Venture Capital, LLC, Granite Associates LLC, and 280 Ventures, LLC, and any predecessors or successors thereof, and any of their agents, representatives or employees.
7. "Funds" shall mean all pooled investment vehicles, special purpose acquisition companies, pension funds, hedge funds, and any other investment funds managed by SBAM, including, but not limited to, Select Access Funds, VC Funds, Genesis Merchant Partners, L.P., Genesis Merchant Offshore Fund, Ltd., Triage Partners LLC, SB Zap Associates LLC, SB Realwire Associates LLC, Scout Acquisition Corp., Lynx Acquisition, Inc., Metric Stream, Inc., SB Prime Property, LLC, First Flight, Inc., Critical Capital Growth Fund LP OP ACCT, SB Amerindo Technology Assoc. Inst., and any predecessors or successors thereof, and any of their agents, representatives or employees.
8. "Advisory Clients" shall mean all clients of SBAM for which SBAM provides investment advisory services, including, but not limited to, any investors or shareholders in the Select Access Funds, VC Funds, Genesis Merchant Partners, L.P., and all other pooled investment vehicles, special purpose acquisition companies, pension funds, hedge funds, other investment funds, individuals, corporations, institutions, and municipalities managed by SBAM.
9. "Document" shall mean all materials from which information can be obtained that are or have been in your possession, custody, or control at any time up to the present, whether drafts or finished versions, originals or non-conforming copies, however and by whomever created, produced or stored (manually, mechanically, electronically or otherwise), including, without limitation, contracts, agreements, papers, correspondence, memoranda, notes, articles, reports, lists, logs, files, records, books, message slips, wires, electronic mail, computer discs, computer print-outs, tape recordings, videotapes, telegrams, facsimile copies, telephone logs, calendars, date books, bank records, worksheets, summaries, invoices, paid or unpaid bills, records of billings, purchase orders, checks, drafts for money, records of payments, cash receipts, cash disbursements ledgers, magnetic tape, disks, diskettes, optical disks, disk packs and other electronic media, microfilm, microfiche, and storage devices.
10. "Person" shall mean any natural person or any business, legal or governmental entity or association.

11. "Concerning" shall mean relating to, referring to, describing, mentioning, memorializing, reflecting, evidencing, pertaining to, involving, embodying, or constituting.
12. The connectives "and" and "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of the subpoena all responses and production of documents that might otherwise be construed to be outside of its scope.
13. "Communication" shall mean the transmission of information in the form of facts, ideas, inquiries, or otherwise.
14. "All" shall mean each, every, any, and all.
15. "Any" shall be construed as "any and all."
16. The use of the singular form of any word includes the plural and vice versa.

## II. Instructions

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1. All documents should be produced electronically in the format described in the attached SEC Data Delivery Standards and should be sequentially numbered (e.g., "Bates stamped") with an identifying notation on each page of each document to indicate that it was produced by SBAM. The notation and number shall not conceal any writing or marking on the document. If SBAM produces original documents, do not add any identifying notations.
2. Responsive documents shall be produced as they have been kept in the ordinary course of business or shall be organized and labeled to correspond with the enumerated requests. In producing documents as they have been kept in the ordinary course of business, identify by Bates number the requests to which the produced documents are responsive.
3. Indicate whether (1) a diligent search has been made for the documents called for in the Subpoena; and (2) all of the documents sought in the Subpoena have been produced. If any document called for is not produced, for whatever reason, submit a list stating: (a) the creator(s) of the document; (b) the date of creation of the document; (c) its present or last known custodian; (d) the subject matter of the document; (e) all persons or entities known to have been furnished the document or a copy of the document, or informed of its substance; and (f) the reason the document was not produced. In addition, if any document called for is withheld because of a claim of attorney-client privilege, or any other privilege, state the basis for the claim of privilege, including where applicable, the names of the attorney and client.
5. If SBAM, after investigation, determines that it has no documents satisfying a document request, so state in writing. Any such statement shall constitute a

representation that SBAM has conducted a search for the documents and that it has no documents that comply.

**III. Documents And Information Requested**

Please produce the following documents and information for each Fund managed by SBAM:

1. All audited and/or unaudited financial statements for the period January 1, 2009 to the present. In response to this Request, you may exclude from your production any documents produced to the staff in response to the subpoena to SBAM dated June 12, 2012.
  2. Documents sufficient to identify the date(s) on which all audited and/or unaudited financial statements produced in response to Request Number 1 above were provided to the Funds' investors.
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
NEW YORK REGIONAL OFFICE  
3 WORLD FINANCIAL CENTER  
SUITE 400  
NEW YORK, NEW YORK 10281-1022

WRITER'S DIRECT LINE  
(212) 336-0953  
edwardsw@sec.gov

September 20, 2012

**Via Overnight Mail**

Leonard Weinstock  
Cornick, Garber & Sandler, LLP  
825 Third Avenue  
New York, NY 10022-9524

**Re: In the Matter of SBAM Venture Capital Funds (NY-08127)**

Dear Mr. Weinstock:

The staff of the Securities and Exchange Commission (the "Commission") is conducting an investigation into the above-referenced matter. The enclosed subpoena has been issued pursuant to a formal order of investigation entered by the Commission and requires Cornick, Garber & Sandler, LLP ("CGS") to produce documents to the undersigned by **October 5, 2012**, at the following address:

U.S. Securities and Exchange Commission  
3 World Financial Center – Suite 400  
New York, New York 10281  
Attn: William Edwards, Esq.

The staff requests that CGS maintain and preserve from destruction, deletion, or alteration all documents in its possession, custody, or control, in both electronic and hard copy format, concerning or relating to the subject matter referenced in the enclosed subpoena.

This investigation is non-public and should not be construed as an indication by the Commission or its staff that any violations of law have occurred, or as a reflection upon any person, entity, or security. Please note that, in any matter in which enforcement action is ultimately deemed to be warranted, the Division of Enforcement will not recommend any settlement unless the party wishing to settle certifies, under penalty of perjury, that all documents responsive to subpoenas and formal and informal document requests issued by the Commission or its staff in this matter have been produced. In addition, information provided is subject to the Commission's routine uses. A list of those uses is contained in the enclosed copy of SEC Form 1662, which also contains other important information. Please review SEC Form 1662 prior to providing any information responsive to this subpoena.

If you have any questions concerning the subpoena or the documents required to be produced, call me at (212) 336-0953.

Sincerely,



William Edwards  
Senior Attorney  
Enforcement Division

Enclosures: Subpoena w/ Attachment  
SEC Data Delivery Standards  
SEC Form 1662



**SUBPOENA**

**UNITED STATES OF AMERICA**  
**SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of SBAM Venture Capital Funds (NY-08127)**

To: Leonard Weinstock  
Cornick, Garber & Sandler, LLP  
825 Third Avenue  
New York, NY 10022-9524

**YOU MUST PRODUCE** everything specified in the Attachment to this subpoena to officers of the Securities and Exchange Commission, at the place, date and time specified below.

**3 World Financial Center, Room 400, New York, NY, 10281 on or before October 5, 2012  
no later than 5:00 p.m.**

**YOU MUST TESTIFY** before officers of the Securities and Exchange Commission, at the place, date and time specified below.

**FEDERAL LAW REQUIRES YOU TO COMPLY WITH THIS SUBPOENA.**

Failure to comply may subject you to a fine and/or imprisonment.

By:

*William Edwards*

William Edwards

Enforcement Division

Date: September 20, 2012

I am an officer of the Securities and Exchange Commission authorized to issue subpoenas in this matter. The Securities and Exchange Commission has issued a formal order authorizing this investigation under Section 20(a) of the Securities Act of 1933 and Section 21(a) of the Securities Exchange Act of 1934.



**SUBPOENA ATTACHMENT**  
**Cornick, Garber & Sandler LLP**  
**September 20, 2012**

**I. Definitions**

Unless otherwise stated, the terms set forth below are defined as follows:

1. "Cornick, Garber & Sandler LLP" shall mean Cornick, Garber & Sandler LLP and any predecessors, affiliates, subsidiaries or successors thereof, and any of their agents, representatives, or employees..
2. "SBAM" shall mean Sands Brothers Asset Management, LLC, and any of its parent corporations, subsidiaries, affiliates, predecessors, successors, shareholders, owners, partners, officers, directors, fund managers, principals, employees, and agents, wherever located, including, but not limited to, Julios Trust, Targhee Trust, and Sands Brothers Asset Management, Ltd.
3. "Select Access Funds" shall mean Select Access LLC, Select Access I, LLC, Select Access II, LLC, Select Access III, LLC, Select Access IV, LLC, Select Access V, LLC, Select Access Management V, LLC, Select Access (Institutional) LLC, Select Access Institutional II, LLC, Sands Brothers Select Access V, LLC, Sands Brothers Select Access III Operating Account, Sands Brothers Select Access Institution, Sands Brothers Select Access IV, LLC, SB Select Access LLC, SB Opportunity Technology Management Institution LLC, Amerindo Technology Management Institution LLC, SB Opportunity Technology Associates Institution LLC, Amerindo Technology Associates Institution LLC and Select Access Offshore, Ltd., and any predecessors or successors thereof, and any of their agents, representatives or employees.
4. "VC Funds" shall mean Sands Brothers Venture Capital, LLC, Sands Brothers Venture Capital II, LLC, Sands Brothers Venture II Capital, LLC, Sands Brothers Venture Capital III, LLC, Sands Brothers Venture Capital 111, LLC, Sands Brothers Venture Capital IV, LLC, Katie and Adam Bridge Partners, L.P., SB Venture Capital, LLC, Granite Associates LLC, and 280 Ventures, LLC, and any predecessors or successors thereof, and any of their agents, representatives or employees.
5. "Funds" shall mean all pooled investment vehicles, special purpose acquisition companies, pension funds, hedge funds, and any other investment funds managed by SBAM, including, but not limited to, Select Access Funds, VC Funds, Genesis Merchant Partners, L.P., Genesis Merchant Offshore Fund, Ltd., Triage Partners LLC, SB Zap Associates LLC, SB Realwire Associates LLC, Scout Acquisition Corp., Lynx Acquisition, Inc., Metric Stream, Inc., SB Prime Property, LLC, First Flight, Inc., Critical Capital Growth Fund LP OP ACCT, SB Amerindo

Technology Assoc. Inst., and any predecessors or successors thereof, and any of their agents, representatives or employees.

6. "Advisory Clients" shall mean all clients of SBAM for which SBAM provides investment advisory services, including, but not limited to, any investors or shareholders in the Select Access Funds, VC Funds, Genesis Merchant Partners, L.P., and all other pooled investment vehicles, special purpose acquisition companies, pension funds, hedge funds, other investment funds, individuals, corporations, institutions, and municipalities managed by SBAM.
7. "Document" shall mean all materials from which information can be obtained that are or have been in your possession, custody, or control at any time up to the present, whether drafts or finished versions, originals or non-conforming copies, however and by whomever created, produced or stored (manually, mechanically, electronically or otherwise), including, without limitation, contracts, agreements, papers, correspondence, memoranda, notes, articles, reports, lists, logs, files, records, books, message slips, wires, electronic mail, computer discs, computer print-outs, tape recordings, videotapes, telegrams, facsimile copies, telephone logs, calendars, date books, bank records, worksheets, summaries, invoices, paid or unpaid bills, records of billings, purchase orders, checks, drafts for money, records of payments, cash receipts, cash disbursements ledgers, magnetic tape, disks, diskettes, optical disks, disk packs and other electronic media, microfilm, microfiche, and storage devices.
8. "Person" shall mean any natural person or any business, legal or governmental entity or association.
9. "Concerning" shall mean relating to, referring to, describing, mentioning, memorializing, reflecting, evidencing, pertaining to, involving, embodying, or constituting.
10. The connectives "and" and "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of the subpoena all responses and production of documents that might otherwise be construed to be outside of its scope.
11. "Communication" shall mean the transmission of information in the form of facts, ideas, inquiries, or otherwise.
12. "All" shall mean each, every, any, and all.
13. "Any" shall be construed as "any and all."
14. The use of the singular form of any word includes the plural and vice versa.

## II. Instructions

1. All documents should be produced electronically in the format described in the attached SEC Data Delivery Standards and should be sequentially numbered (e.g., "Bates stamped") with an identifying notation on each page of each document to indicate that it was produced by CGS. The notation and number shall not conceal any writing or marking on the document. If CGS produces original documents, do not add any identifying notations.
2. Responsive documents shall be produced as they have been kept in the ordinary course of business or shall be organized and labeled to correspond with the enumerated requests. In producing documents as they have been kept in the ordinary course of business, identify by Bates number the requests to which the produced documents are responsive.
3. Indicate whether (1) a diligent search has been made for the documents called for in the Subpoena; and (2) all of the documents sought in the Subpoena have been produced. If any document called for is not produced, for whatever reason, submit a list stating: (a) the creator(s) of the document; (b) the date of creation of the document; (c) its present or last known custodian; (d) the subject matter of the document; (e) all persons or entities known to have been furnished the document or a copy of the document, or informed of its substance; and (f) the reason the document was not produced. In addition, if any document called for is withheld because of a claim of attorney-client privilege, or any other privilege, state the basis for the claim of privilege, including where applicable, the names of the attorney and client.
5. If CGS, after investigation, determines that it has no documents satisfying a document request, so state in writing. Any such statement shall constitute a representation that CGS has conducted a search for the documents and that it has no documents that comply.

---

### **III. Documents And Information Requested**

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Please produce the following documents and information for each Fund managed by SBAM:

1. All financial statements for the period January 1, 2009 to the present. In response to this Request, you may exclude from your production any documents produced to the staff in response to the subpoena to CGS dated August 15, 2012.

**SANDS BROTHERS ASSET MANAGEMENT LLC  
COMPLIANCE POLICIES AND PROCEDURES  
MANUAL**

**Sands Brothers Asset Management LLC  
15 Valley Road  
Greenwich, CT 06831  
Telephone: 203-661-7500  
Fax: 203-661-6500**

**November 15, 2009**

A/73214533.2

SB 000153

SEC-NY8127-000002368

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## SECTION I

### INTRODUCTION

**A. Purpose.** Sands Brother Asset Management LLC, a Delaware limited liability company (the "Firm"), is an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC"). This Compliance Policies and Procedures Manual (this "Manual") identifies and inventories the risk areas of the Firm and contains the compliance and supervisory policies and procedures of the Firm and shall be followed by all Firm employees in the carrying out of their responsibilities with the Firm. Its purpose is to help ensure that the Firm identifies risks specific to the Firm's personnel, business model, structure and affiliations, ties those risks to the policies and procedures contained herein, and conducts its business in a manner that addresses the risks specific to the Firm, in compliance with all applicable federal and state securities and other laws, rules and regulations (the "Covered Laws") and in keeping with the highest level of professional and ethical standards. This Manual incorporates by reference the Firm's Employee Handbook.

**B. Designation of Chief Compliance Officer.** The Firm will designate a **Chief Compliance Officer** ("**Chief Compliance Officer**") that is competent and knowledgeable regarding the Covered Laws relating to the Firm's business, including without limitation, the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"). Christopher Kelly has been designated the Firm's **Chief Compliance Officer** as provided for in Exhibit C. Mr. Kelly shall also serve as a **Principal** for purposes of the Consent Order of the State of Connecticut Department of Banking dated November 29, 2004, and Martin Sands, a **Manager**, shall be subject to the direct supervision of such **Principal**. As **Chief Compliance Officer** and **Principal**, Mr. Kelly will be empowered with the full responsibility and authority to develop and enforce appropriate compliance policies and procedures for the Firm ("compliance policies and procedures" herein means the policies and procedures set forth in this Manual). The **Chief Compliance Officer** will be responsible for the review of the Firm's compliance policies and procedures, making changes to such compliance policies and procedures when necessary. Steven Sands and Martin Sands, the Firm's **Managers**, shall be responsible for ensuring that the Firm provides adequate resources to the persons with the responsibilities for implementing an effective compliance program for the Firm. Copies of the Firm's compliance policies and proced res will be maintained for a minimum of five years. The **Chief Compliance Officer** may designate his or her responsibilities as **Chief Compliance Officer** as he or she deems reasonable in order to facilitate the Firm's compliance with the policies and procedures set forth in this Manual and the Covered Laws. [See Rule 206(4)-7 adopted under the Advisers Act.]

**C. Files.** The **Chief Compliance Officer**, the **Chief Operating Officer** and the **Executive Assistant** shall oversee the maintenance by the Firm of the books and records described in Exhibit B of this Manual.

**D. Questions.** Any questions concerning the compliance policies and procedures set forth in this Manual sho ld be directed to the **Chief Compliance Officer**. All questions concerning any Covered Laws, including the potential or actual violations thereof, should be directed to the **Chief Compliance Officer**. In his absence, questions relating to this Manual shall be directed to a **Manager**.

**E. Use of this Manual.** All employees of the Firm are required to read this Manual and to sign reasonably promptly after commencing employment and on an annual basis, an Acknowledgement and Agreement to Abide by Compliance Policies and Procedures of the Firm ("Acknowledgement and Agreement"), a form of which is attached hereto as Exhibit A. The **Executive Assistant** shall be responsible for delivering the Manual and Acknowledgement and Agreement to employees reasonably soon after commencing employment and annually on or prior to April 15. Copies of this Manual shall be maintained, either in written or electronic format, in the Firm's office.

**F. Limitations on Use.** The Firm is the sole owner of this Manual. This Manual must be returned to the Firm immediately upon termination of employment or other association with the Firm. The information contained herein is confidential and proprietary and may not be disclosed to any third-party or otherwise shared or disseminated in any way without the prior written approval of the Firm.

**G. Certain Terms.** As used in this Manual:

- a. the term "client" shall, unless the context requires otherwise, include any Funds or other persons for which the Firm serves as the investment adviser and/or general partner;
- b. the term "Fund" shall include all pooled investment vehicles (including, without limitation, funds of funds, hedge funds, private equity funds, venture capital funds and any other private investment funds and similar entities);
- c. the term "employee" shall, unless the context requires otherwise, include all employees, managers, officers and the investment adviser representatives, if any, of the Firm.

**SECTION II**

**INVESTMENT ADVISER REGISTRATION AND LICENSING; FORM ADV**

**A. Registration.** The Firm is registered with the SEC as an investment adviser. The **Chief Compliance Officer** shall be responsible for overseeing the proper registration and licensing of the Firm and its employees at all times as required by the Covered Laws.

**B. Filing Fees.** The **Executive Assistant** and the **Executive Assistant** of the Firm shall be responsible for maintaining required capital balances with FINRA or other applicable regulatory authority to facilitate the payment, when due, of the Firm registration, agent registration, state notice, renewal and/or other regulatory fees applicable to the Firm and its employees.

**C. Form ADV Updates/Amendments.** [See Rule 204-1 adopted under the Advisers Act.]

1. **Form ADV.** It is the responsibility of the **Chief Compliance Officer** to review the Firm's Form ADV on an ongoing basis as required by regulation to ensure that all information contained therein is current and accurate.

a. **Annual Update.** The Firm must file an annual updating amendment to Part I of its Form ADV via the IARD within 90 days after its fiscal year-end. This amendment to Part I of the Firm's Form ADV acts to update the responses to any item for which the information is no longer accurate. It is the responsibility of the **Chief Compliance Officer** to file or cause the filing of the annual updating amendment. The **Chief Compliance Officer** also has the responsibility to update Part II of the Form ADV on an annual basis.

b. **Material Changes.** In addition to the annual updating amendments to the Form ADV, the **Chief Compliance Officer** is responsible for preparing any additional amendments and, in the case of Part I of the Form ADV, filing such amendments as required with the SEC promptly if information provided in response to Form ADV Items becomes inaccurate.

NOTE: If an amendment to Form ADV Part I that is not an annual update is required, such amendment is not required to update responses to Items 2, 5, 6, 7, or 12 of Part 1A, even if responses to those items have become inaccurate.

**D. Supervisory Responsibility.** It is the responsibility of the **Chief Compliance Officer** to be aware of the particular requirements of the states in which the Firm operates and to ensure that the Firm and its employees are properly registered, licensed and qualified to conduct business pursuant to all applicable laws of those states, unless exemptions from such registration, licensing and qualification requirements are available.

**E. Reporting Requirements Under the US Securities Exchange Act of 1934, as Amended (the "Exchange Act")**

1. **Reports Pursuant to Sections 13(d) & 13(g).** Within ten days after the Firm acquires "beneficial ownership" of 5% or more of any class of registered equity securities of any issuer, the Firm must file a Schedule 13G (or Schedule 13D, as discussed below) with the SEC. In addition, within 45 days after the end of any calendar year in which the Firm has, at the end of such year, "beneficial ownership" of 5% or more of any class of registered equity securities of any issuer, the Firm must file a Schedule 13G with the SEC. For purposes of Section 13(d), the Firm would be deemed to be a "beneficial owner" of securities where it, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting or investment power, including the power to vote or dispose or to direct the voting or disposition of such security.

Schedule 13Gs are generally updated annually, although more frequent reporting may be required in certain cases. Further, the Firm may be ineligible to file on the

short-form Schedule 13G, and, instead, be required to file the more onerous Schedule 13D, or may voluntarily file a Schedule 13D.

The **Chief Compliance Officer**, together with a **Manager**, shall be responsible for 13(d) and 13(g) filings.

2. **Reports Pursuant to Section 13(f).** If the Firm exercises investment discretion with respect to accounts having in the aggregate more than \$100 million of exchange-traded or Nasdaq-quoted equity securities on the last trading day of any calendar month of any calendar year, the Firm must file a Form 13F with the SEC within 45 days after the last day of such calendar year and within 45 days after the last day of each of the first three calendar quarters of the subsequent calendar year. The **Chief Compliance Officer** shall be responsible for 13(f) filings.

### SECTION III

#### CODE OF ETHICS

**A. Introduction.** [See Rule 204A-1 adopted under the Advisers Act.] The Firm's code of ethics (the "Code of Ethics") as set forth below is designed to ensure that all Firm employees are aware of and adhere to the policies and procedures of the Firm. Maintaining a spirit of openness, honesty and integrity are of paramount importance at the Firm. The Firm believes that its employees should feel comfortable expressing their opinions and should be vigilant about alerting the **Chief Compliance Officer** and the **Managers** of anything they deem amiss, whether actual or potential, with respect to the Firm's business, operations or compliance. As evidence of the Firm's commitment to operating with integrity, the Firm has adopted this Code of Ethics, which shall be amended from time to time. The purpose of this Code of Ethics is to identify the ethical and legal framework in which the Firm and its employees are required to operate and to highlight some of the guiding principles and mechanisms for upholding the Firm's standard of business conduct, as set forth below. Employees will be required to acknowledge receipt of the Code of Ethics by executing the Acknowledgement and Agreement to Abide by Compliance Policies and Procedures attached to this Manual as Exhibit A.

**B. Standard of Business Conduct.** It is the responsibility of all employees to ensure that the Firm conducts its business with the highest level of ethical standards and in keeping with its fiduciary duties to the Firm's clients. Employees have a duty to place the interests of the Firm's clients first, and to refrain from having outside interests that conflict with the interests of its clients. To this end, employees are required to maintain the following standards:

1. Compliance with all Covered Laws, including, but not limited to, federal securities laws;
2. Compliance with the Firm's compliance policies and procedures, as shall be updated from time to time;
3. Honest and fair dealings with clients;

4. Disclosure to clients of potential and actual conflicts of interest;
5. Exercise diligence in making investment recommendations or taking investment actions, including but not limited to maintaining objectivity, considering the suitability of an investment for a particular client or portfolio and keeping appropriate records;
6. Obtain consent from the **Chief Compliance Officer** for all independent business practices that may conflict with the Firm's business; and
7. Immediate disclosure to the **Chief Compliance Officer** and a **Manager** of any matters that could create a conflict of interest, constitute a violation of any Covered Law, rule or regulation or constitute a violation of the Firm's policies and procedures; the **Chief Compliance Officer** and the **Managers** shall ensure that the person who shall report any such matters shall remain anonymous, if such person shall so desire. Reporting of such matters relating to a **Manager** shall be referred to the **Chief Compliance Officer**; reporting of such matters relating to the **Chief Compliance Officer** shall be referred to a **Manager**; reporting of such matters relating to both a **Manager** and the **Chief Compliance Officer** shall be referred to the **Executive Assistant**, who shall work with outside counsel.

**C. Prohibited Conduct.** Firm employees must avoid any circumstances that might adversely affect, or appear to affect, their duty of complete loyalty to the Firm's clients. Neither the Firm nor any of its employees shall:

1. Employ any device, scheme or artifice to defraud, or engage in any act, practice, or course of conduct that operates or would operate as a fraud or deceit upon, any client or prospective client or any party to any securities transaction in which the Firm or any of its clients is a participant;
2. Make any untrue statement of a material fact or omit to state to any person a material fact necessary in order to make a statement of the Firm, in light of the circumstances under which it is made, materially complete and not misleading;
3. Engage in any act, practice or course of business that is fraudulent, deceptive, or manipulative, particularly with respect to a client or prospective client;
4. Engage in any manipulative practices; or
5. Cause the Firm, acting as principal for its own account or for any account in which the Firm or any person associated with the Firm has a beneficial interest, to sell any security to or purchase any security from a client in violation of any applicable Covered Law.

**D. Privacy of Client Information.** Subject to applicable Covered Laws, all information relating to clients' portfolios and activities and to proposed recommendations is strictly confidential. Consideration of a particular purchase or sale for a client account may not be disclosed, except to authorized persons and as may be required by the Covered Laws.

The following are potentially compromising situations which must be avoided. Any exceptions must be reported to the **Chief Compliance Officer** and written approval for continuation must be obtained from the **Chief Compliance Officer**:

1. Participation in civic or professional organizations that might involve divulging confidential information of the Firm.
2. Engaging in any form of harassment which is prohibited by law.
3. Investing or holding any outside interest or directorship in vendors or competing firms, including financial speculations, where such investment or directorship might influence in any manner a decision or course of action of the Firm.
4. Engaging in any financial transaction with any of the Firm's vendors, investors or employees, including but not limited to: providing any rebate, directly or indirectly, to any person or entity that has received compensation from the Firm; accepting, directly or indirectly, from any person or entity, other than the Firm, compensation of any nature as a bonus, commission, fee, gratuity or other consideration in connection with any transaction on behalf of the Firm; ~~beneficially owning any security of, or have, directly or indirectly, any financial interest in, any other organization engaged in the Firm's business, except for beneficial ownership of not more than 5% of the outstanding securities of any business (provided that for this purpose the Managers shall not be deemed to own securities purchased pursuant to the Firm's investment activities).~~
5. Unlawfully discussing trading practices, pricing, clients, research, strategies, processes or markets with competing firms or their personnel.
6. Making any unlawful agreement with vendors, existing or potential investment targets or other organizations.
7. Improperly using or authorizing the use of any inventions, programs, technology or knowledge, which are the proprietary information of the Firm.
8. ~~Communicating any information regarding the Firm, the Firm's investment products and services, or any client to prospective clients, investors, journalists, clients or regulatory authorities that is not accurate, or omitting to state a material fact necessary in order to make the statements the Firm has made to such person not misleading.~~
9. Engaging in any conduct that is not in the best interest of the Firm or might appear to be improper.

**E. Personal Securities Transactions.** All Access Persons shall comply with the Firm's Personal Account Trading Policy (which is set forth in Section IV of this Manual and incorporated by reference into this Code of Ethics).

**F. Conflicts of Interests.** Employees shall all have a duty to disclose to a **Manager** and/or the **Chief Compliance Officer** all potential and actual conflicts of interest. In particular the **Managers** and the **Portfolio Managers** shall disclose to the **Chief Compliance Officer** all potential conflicts of interest relating to trading and other matters, and shall otherwise discuss with the **Chief Compliance Officer** on an ongoing basis all matters relating to a potential conflict of interest. The Firm has a duty to disclose potential and actual conflicts of interest to its clients. Employees may not use any confidential information or otherwise take inappropriate advantage of their positions for the purpose of furthering any private interest or as a means of making any personal gain. Additionally, employees and their immediate families may not accept any benefit from a client or person who does business with the Firm, other than business courtesies and non-cash gifts of nominal value (i.e., de minimis gifts, which are usually defined as having a value under \$100.00). Employees shall disclose to the **Chief Compliance Officer** any gifts that are not de minimis. No employees shall make political contributions in the name of or otherwise on behalf of the Firm.

**G. Service as a Director.** No employee may serve as a director of a publicly-held company without prior approval by a **Manager** based upon a determination that service as a director would not be adverse to the interests of the Firm or any client

**H. Reporting of Violations.** Employees are required to promptly report all actual or potential conflicts of interest, violations of any government or regulatory law, rule or regulation or violations of the Firm's policies and procedures. Such reports shall be made to the **Chief Compliance Officer** and a **Manager** and may be made on a confidential or non-confidential basis, orally in person or by phone, or in writing hand delivered or sent by e-mail or fax. Any retaliatory action taken against a person who reports a violation or potential violation shall be a violation of the Code of Ethics.

**I. Training.** Training of the Firm's employees, under the direction of the **Chief Compliance Officer**, will include a review of the Firm's policies and procedures, including this Code of Ethics, and a discussion of any material changes in the laws, rules and regulations applicable to the Firm's business and operations.

**J. Review and Enforcement.** [Section 204A-1 of the Advisers Act.] The Managers shall be responsible for providing information to the **Chief Compliance Officer** in order for the **Chief Compliance Officer** to monitor the activities of all persons who act on the Firm's behalf in order to assess compliance with the Code of Ethics by such persons. Specific duties include, but are not limited to:

1. Adopting, implementing and enforcing the Firm's compliance and supervisory procedures and controls, including those set forth in this Manual;
2. Ensuring that all employees receive this Manual, including the Code of Ethics, and acknowledge their full understanding of this Manual, including the Code of Ethics;
3. Establishing an annual review of the Firm's operations and its compliance policies and procedures to ensure that it has a system designed to provide



reasonable assurance that the Firm's compliance policies and procedures are effective and are being followed; and

4. Together with the **Managers**, reviewing personal securities transactions and reports of the Firm's employees.

Upon discovering that any person has failed to comply with the requirements of this Code of Ethics, the Firm may impose on that person whatever sanctions the **Chief Compliance Officer** and the **Managers** consider appropriate under the circumstances, including censure, suspension, limitations on permitted activities, or termination of employment.

**K. Policies and Procedures Not Exclusive.** This Code of Ethics's policies, procedures, standards and restrictions do not and cannot address each potential conflict of interest. Ethics and faithful discharge of the Firm's fiduciary duties require adherence to the spirit of this Code of Ethics and awareness that activities other than personal securities transactions could involve conflicts of interest. (For example, accepting favors from broker-dealers in violation of this Code of Ethics could involve an abuse of a person's position with the Firm. The Firm is a natural object of cultivation by broker-dealers and it is possible that such considerations could impair the Firm's objectivity.) If there is any doubt about the application, or potential application, of this Code of Ethics, or any of the Firm's compliance policies and procedures to a specific situation or occurrence, the **Chief Compliance Officer** should be consulted.

**L. Whistleblower Policy.** All employees shall comply with the Firm's Whistleblower Policy (which is set forth in Section V of this Manual and incorporated by reference into this Code of Ethics).

**M. Distribution of Code.** The **Executive Assistant** shall be responsible for delivering the Code of Ethics to employees reasonably promptly after commencing employment and annually on or prior to April 15. The **Executive Assistant** shall be responsible for maintaining records of such deliveries. The **Executive Assistant** shall be responsible for delivering the Code of Ethics to each Firm client and prospective client in accordance with applicable rules adopted under the Advisers Act, including, but not limited to, providing the Code of Ethics or a description thereof as part of Part II of Form ADV. The **Executive Assistant** shall be responsible for maintaining records of such deliveries.

**N. Books and Records.** All employees shall comply with the Firm's Books and Records requirements (which are set forth in Exhibit B to this Manual and incorporated by reference into this Code of Ethics).

**O. Safeguarding Sensitive Information.** The **Managers, the Chief Operating Officer, the Executive Assistant and the Chief Compliance Officer** shall work together to control dissemination of sensitive information both within the Firm and outside the Firm by reasonably restricting access to Firm securities trading information and other sensitive information to authorized persons (by, for example, restricting access to certain computer drives) and otherwise safeguarding sensitive information as appropriate; provided that controlling such dissemination shall be subject in all respects to any and all requirements in the Covered Laws to disclose Firm trading positions and intentions and other sensitive information on Schedule 13G or 13D, Schedule 13F, reports under Section 16 of the Exchange Act, filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("Hart-Scott-Rodino"), filings under the SEC proxy rules and otherwise.

#### SECTION IV

#### PERSONAL ACCOUNT TRADING POLICY

All Access Persons (as defined in Rule 204A-1 adopted under the Advisers Act and set forth on the Access Persons Log) of the Firm shall comply with the procedures governing personal securities transactions set forth below.

**A. Introduction.** The following procedures are designed to assist the **Managers and Chief Compliance Officer** in avoiding potential conflicts of interests and detecting and preventing abusive sales practices such as "scalping" or "front running" and to highlight potentially abusive "soft dollar" or brokerage arrangements. This Personal Account Trading Policy is structured as it is based on the particular characteristics, including trading patterns, of the Firm, taking into account various factors.

**Strict compliance with the Firm's Personal Account Trading Policy ("Personal Trading Policy") is essential to the Firm and its reputation. This Personal Trading Policy, and the procedures described herein, are in addition to and separate from (i) the Policy to Detect and Prevent the Misuse of Material Non-Public Information (set forth in Section XV of this Manual), and (ii) other provisions of law applicable to individual transactions by investment advisory personnel, securities industry employees and fiduciaries generally. NONCOMPLIANCE WITH THIS PERSONAL TRADING POLICY MAY BE GROUNDS FOR IMMEDIATE DISMISSAL BY THE FIRM OF ANY EMPLOYEE. Every Access Person of the Firm is expected to be familiar with this Personal Trading Policy and the procedures contained herein. These matters can be reviewed with the Managers and/or Chief Compliance Officer at any time.**

**B. Responsibility.** The **Chief Compliance Officer** shall maintain current and accurate records of all personal securities transactions in which Access Persons have a direct or indirect beneficial interest. For purposes of this Personal Trading Policy the following terms shall have the meanings set forth below:

1. *Security.* The term "security" includes stocks, options, rights, warrants, futures, contracts, convertible securities or other securities that are related to securities in which the Firm's clients may invest or as to which the Firm may make recommendations.

a. *Beneficial Interest.* The term "beneficial interest" of securities is broad. It includes not only securities that an Access Person owns directly, and not only securities owned by others specifically for the Access Person's benefit, but also (i) securities held by the Access Person's spouse, minor children and relatives who live full time in his or her home (but excluding trusts or other entities over which the Access Person has no trading authority); and (ii) securities held by another person if by reason of any contract, understanding, relationship, agreement or other arrangement the Access Person obtains benefits substantially equivalent to ownership.

**C. Pre-Approval of Personal Securities Transactions.** The Chief Compliance Officer shall provide advance approval (or disapproval) of all personal securities transactions, including but not limited to private placements of public and private entities and initial public offerings in which employees have a direct or indirect beneficial interest. In particular, pursuant to the Consent Order of the State of Connecticut Department of Banking dated November 29, 2004, the Chief Compliance Officer shall approve any trading in the personal accounts of Martin Sands and those of his immediate family, including without limitation, spousal accounts and accounts for the benefit of Mr. Sands' minor children. (In the case of personal trading by the Chief Compliance Officer, the advance written approval (or disapproval) of the Executive Assistant shall be sufficient). A record of such pre-approval (or disapproval) shall be evidenced by a duly completed and executed Personal Securities Trading Request and Authorization Form maintained in the Firm's files. The form of Personal Securities Trading Pre-Approval Request and Authorization Form shall be similar to that attached hereto as Exhibit G.

Once approval for a trade has been obtained, the trade must be executed within the time frame set forth in the approval. After such approved time frame, a new Personal Securities Trading Request and Authorization Form must be submitted. Requests to purchase or sell a particular security may be subject to a black-out period if a Fund has a position in that security or is contemplating a position in that security.

**D. Initial and Annual Reports.** Each Access Person shall, no later than 10 days after the employee (a) begins its relationship with the Firm and (b) following the completion of each calendar year, provide the following information:

1. The title, number of shares and principal amount of each security in which the employee had any direct or indirect beneficial ownership within 45 days of the date he or she became associated with the Firm or within 45 days of the end of each calendar year, as applicable;
2. The name of any broker, dealer or bank with whom the employee maintained an account in which any securities were held for his or her direct or indirect benefit

within 45 days of the date he or she became associated with the Firm or within 45 days of the end of each calendar year, as applicable; and

3. The date that the report is submitted by such person.

**E. Quarterly Reports.** On a quarterly basis, if determined to be necessary by the **Chief Compliance Officer** to supplement brokerage account statements, all Access Persons shall execute and submit to the **Chief Compliance Officer**, the Quarterly Personal Securities Trading Report, a form of which is attached hereto as Exhibit H.

**F. Record-Keeping Requirements.** [Rule 204-2(12) adopted under the Advisers Act.].

**1. Transaction Record.** The **Chief Compliance Officer** shall establish a form to record personal securities transactions, and which must include the following information:

- a. the name of the individual;
- b. the identity and amount of the security involved;
- c. the date and nature of the transaction;
- d. the approximate aggregate price paid in the transaction; and
- e. the name of the broker, dealer or bank where the transaction was effected.

The Firm shall satisfy the above recordkeeping requirements by requiring all Access Persons to instruct every broker-dealer maintaining an account in which each such person has a direct or indirect beneficial interest to send duplicate trade confirmations and monthly account statements to the Firm. The **Chief Compliance Officer** will maintain a file for each employee containing such documents.

**2. Disclosure.** The trade confirmations and monthly account statements may contain a statement declaring that the reporting or recording of any transaction shall not be construed as an admission that the Firm or its employees have any direct or indirect beneficial ownership in the security.

**3. Exceptions.** Exceptions to the pre-approval and record-keeping requirements are as follows:

- a. Transactions effected in any account over which neither the Firm nor any of its Access Persons have any direct or indirect influence or control; and
- b. Transactions in securities that are: direct obligations of the federal government or a state or other jurisdiction of or in the United States; bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; shares issued by registered open-end investment companies (e.g., money market funds and mutual funds); ETFs, or

units of a unit investment trust if the unit investment trust is invested exclusively in unaffiliated mutual funds.

**G. Review of Reports and Transaction Records.** The **Chief Compliance Officer** shall test reports and transaction records required by this Personal Trading Policy for any evidence of improper trading activities or conflicts of interest by Firm Access Persons (including, but not limited to, front running, scalping and other practices that constitute or could appear to involve abuses of employees' positions with the Firm). After reviewing each report and transaction record, the **Chief Compliance Officer** will sign (or initial) the document thereby signifying his or her review. The Firm encourages investment rather than trading by the Firm's Access Persons.

## SECTION V

### WHISTLEBLOWER POLICY

**A. General.** This Manual and the Code of Ethics require the Firm's employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Firm, the Firm's employees must practice honesty and integrity in fulfilling their responsibilities and comply with all Covered Laws.

**B. Reporting Responsibility.** It is the responsibility of all directors, officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

**C. No Retaliation.** No Firm employee who in good faith reports a violation of the Code of Ethics shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Firm prior to seeking resolution outside the Firm.

**D. Reporting Violations.** The Code of Ethics addresses the Firm's open door policy and suggests that employees share their questions, concerns, suggestions or complaints with the **Chief Compliance Officer** and/or **Managers**. The **Chief Compliance Officer** and **Managers** have specific and exclusive responsibility to investigate all reported violations, including violations regarding accounting and auditing matters.

**E. Acting in Good Faith.** ~~Anyone filing a complaint concerning a violation or suspected~~ violation of this Manual or the Code of Ethics must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of this Manual or the Code of Ethics. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

**F. Confidentiality.** Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

**G. Handling of Reported Violations.** The **Chief Compliance Officer** or a **Manager** will notify the sender and acknowledge receipt of the reported violation or suspected violation within three business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation

## SECTION VI

### PERIODIC REVIEW OF COMPLIANCE POLICIES AND PROCEDURES

**A. Responsibility.** The **Chief Compliance Officer** shall review, no less frequently than annually, the adequacy of the Firm's compliance policies and procedures, including without limitation those set forth in this Manual. In connection with such review, the **Chief Compliance Officer** will oversee the periodic updating of this Manual. The **Chief Compliance Officer** may also conduct periodic audits and assessments of the business being conducted by the Firm and its employees. [See Rule 206(4)-7 adopted under the Advisers Act.]

**B. Duties.** Specific duties of the **Chief Compliance Officer** include without limitation:

1. Review the Firm's compliance policies and procedures at least annually, which review shall include, but not be limited to, reviewing and updating as required the Firm's policies and procedures for:
  - a. maintaining and safeguarding the Firm's book and records;
  - b. business continuity planning;
  - c. privacy of client information;
  - d. anti-money laundering;
  - e. advertising;
  - f. code of ethics;
  - g. disclosure requirements;
  - h. electronic communications;
  - i. principal and agency transactions;
  - j. trade allocation;
  - k. best execution;
  - l. soft dollar arrangements;
  - m. trade aggregation (block/bunched transactions);
  - n. preventing violations of SEC Rule 10b5-1; and
  - o. personal securities transactions.
2. Conduct compliance training for new and existing Firm employees as deemed appropriate by the **Chief Compliance Officer**.

3. Monitor and test compliance through internal audits as deemed appropriate by the **Chief Compliance Officer**.
4. Ensure that the Firm, its employees, solicitors and sub-advisers (if applicable) are properly registered, licensed and/or qualified in any jurisdiction requiring such registration, license and/or qualification.
5. Implement policies needed to ensure that the Firm's training and internal assessment procedures are updated to reflect changes in the Covered Laws.
6. Follow up and resolve with a **Manager** any reported violation of the Firm's compliance policies and procedures.
7. Report any violation of the Firm's compliance policies and procedures to a **Manager**.
8. Document any violation of the Firm's compliance policies and procedures.
9. Document and follow up and resolve with a **Manager** any Firm employee or customer complaint.
10. Ensure that the Firm complies will all Covered Laws.

#### SECTION VII

#### BOOKS AND RECORDS

*[See Section 204 of the Advisers Act and Rule 204-2 adopted under the Advisers Act.]*

**A. Books and Records to be Maintained.** The persons set forth in Exhibit B are responsible for ensuring that the books and records of the Firm as set forth in Exhibit B, are promptly and accurately prepared and maintained in accordance with Section 204 of the Advisers Act and Rule 204-2 adopted under the Advisers Act. In particular, books and records of the Firm should be maintained in a manner that secures them from unauthorized alteration or use and protects them from untimely destruction, and such books and records as shall be client records shall be safeguarded consistent with the Firm's Privacy Policy.

#### SECTION VIII

#### FIDUCIARY CAPACITY

**A. Fiduciary Duty.** ~~Section 206 of the Advisers Act prohibits the Firm from engaging in fraudulent, deceptive or manipulative conduct. In fact, the Firm is required to act with more than honesty and good faith alone. The Firm has an affirmative duty to act with loyalty, impartiality and prudence, and in the best interests of its clients.~~

**B. Fiduciary Principles.**

1. **Disinterested Advice.** The **Managers** will ensure that the Firm provides advice that is in the client's best interest and that employees perform investment advisory or supervisory functions in a manner that do not place their interests ahead of the client's interests under any circumstances.
2. **Written Disclosures.** The Firm's (a) Form ADV Part II or a written document containing at least the information required in the Form ADV Part II (the "Disclosure Brochure") and (b) investment advisory agreements with its clients, must collectively include language detailing all material facts regarding the Firm, the advisory services rendered, compensation payable to the Firm and conflicts of interest. It is the responsibility of the **Managers** and **Chief Compliance Officer** to ensure that all clients are provided with these documents and that they contain the proper disclosure language.
3. **Conflicts of Interest.** Employees must disclose to a **Manager** or **Chief Compliance Officer** any potential or actual conflicts of interest when dealing with clients.
4. **Confidentiality.** Client records and financial information must be treated with strict confidentiality. The Firm will not disclose such information about a client except (a) as required by law, including, without limitation, requirements under Schedule 13G or 13D, Schedule 13F, Section 16 of the Exchange Act, Hart-Scott-Rodino, the SEC proxy rules and otherwise, (b) on a "need to know basis" to persons providing services to the Firm (e.g., broker-dealers, accountants, custodians, administrators and transfer agents), or (c) upon the express consent of the client.

**C. Fraud.** Engaging in any fraudulent or deceitful conduct with clients or potential clients is strictly prohibited. Examples of fraudulent conduct include, but are not limited to: (i) misrepresentation; (ii) nondisclosure of fees; and (iii) misappropriation of client funds.

**D. Fiduciary Obligations.** The **Managers** shall ensure that the Firm and its employees comply with the following specific fiduciary obligations when dealing with clients:

1. The duty to have a reasonable, independent basis for the investment advice provided;
2. The duty to obtain best execution for a client's securities transactions where the Firm is in a position to direct brokerage transactions for that client;
3. The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs, and circumstances (provided, that this requirement will not be applicable where: (i) the client has instructed the Firm to employ a particular investment strategy or to purchase or sell particular securities and other investments, and the Firm has disclosed to the client that the Firm's investment advice will be made pursuant to such instructions rather than in a manner specifically designed to meeting the client's individual objectives, needs and circumstances; or (ii) the client is a Fund and disclosure has been made to



prospective Fund investors that the Fund's assets will be invested/traded pursuant to the investment strategy described in the Fund's private offering memorandum, prospectus or other offering document); and

4. Subject to disclosure in any private offering memorandum, prospectus or other offering document, the duty to be loyal to clients.

## SECTION IX

### CLIENT ACCOUNTS AND DOCUMENTS; CUSTODY

**A. Purpose.** This section sets forth the Firm's procedures for preparing certain investment advisory client contracts [See Section 205 adopted under the Advisers Act] and for maintaining and delivering the required disclosure document(s), and describes what constitutes custody of client assets under the provisions of the Advisers Act.

#### **B. Client Contracts/Disclosure Documents.**

**1. General Requirements.** All client investment advisory contracts must meet, at a minimum, the following requirements:

- a. Contract provisions regarding investment advisory services must not be assignable, unless the Firm obtains written client consent; a transaction that does not result in a change in actual control or the management of the Firm does not constitute an assignment (e.g., an assignment to an affiliate of the Firm) [See Rule 202(a)(1)-1 adopted under the Advisers Act];
- b. no contract provision or hedge clause may be used to waive the Firm's compliance with the Advisers Act or other applicable regulations;
- c. contracts may not provide the Firm with compensation based upon capital appreciation ("Performance Fees") except under certain limited circumstances including, but not limited to, contracts with (i) investment companies registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"); (ii) entities that are exempt from registration under the Investment Company Act pursuant to Section 3(c)(7) of the Investment Company Act, (iii) persons who are "Qualified Clients", as such term is defined in Rule 205-3 adopted under the Advisers Act; and (iv) persons that are not "U.S. Persons" (as such term is defined in SEC Regulation S adopted under the U.S. Securities Act of 1933, as amended);
- d. contracts relating to subscriptions must provide for a signed acknowledgment by the client of receipt of all disclosure documents; and
- e. all contracts must be in writing and signed by both the client and an authorized representative of the Firm.

- f. The **Executive Assistant** shall be responsible for compliance with any side letters.

**2. Required Disclosures.** Disclosure documents provided to clients must include disclosure of the following information:

- a. the Firm's advisory compensation, including:
  - (i) the level of advisory compensation and how it is calculated (including the manner in which portfolio positions will be valued);
  - (ii) when the advisory compensation will be paid or allocated to the Firm;
  - (iii) how the advisory compensation will be calculated for partial periods;
  - (iv) how the advisory compensation will be paid;
  - (v) if Performance Fees (or performance allocations) are involved, how they are structured and any material conflicts posed by the arrangement; and
  - (vi) whether the client will be required to reimburse the Firm for any expenses incurred by the Firm in connection with providing advisory services to the client.
- b. the address(es) for sending notifications;
- c. the procedures and time required to terminate contracts;
- d. the term of contracts and renewal requirements, if any.

**3. Other Disclosures.** Where applicable and if required to be disclosed under the Covered Laws, the following additional disclosures must be provided in client contracts or disclosure documents:

- a. the degree to which the Firm exercises discretionary control over client assets;
- b. limitations the Firm may place on its services;
- c. the existence of any investment guidelines or restrictions on the client's account;
- d. the Firm's use of affiliated broker-dealers and the inherent conflicts of interest.

**C. Disclosure Statements.** Rule 204-3 adopted under the Advisers Act requires the Firm to provide certain written disclosure statements to prospective and existing clients at specified times. In any case, all disclosures to clients, prospective clients and others should be accurate in all material respects.

**D. Custody of Client Assets.**

**1. Regulation.** Investment advisers with custody or possession of advisory client funds or securities must comply with Rule 206(4)-2 adopted under the Advisers Act. Rule 206(4)-2 is designed to protect clients from insolvency of the Firm and misappropriation of their assets by requiring the Firm to institute certain safeguards.

**2. Responsibility.** It shall be the responsibility of the **Chief Compliance Officer** to ensure that the Firm complies with Rule 206(4)-2 with respect to those clients (including those Funds), if any, for which the Firm is deemed to have custody of funds or securities pursuant to the rule. In all cases, all Firm employees should ensure that all client assets are safeguarded from misuse and misappropriation.

**3. Definition of Custody.** Rule 206(4)-2 defines custody as holding, whether directly or indirectly, a client's funds or securities or having authority to take possession of them. The following are three situations in which the Firm would be considered to have custody of client funds or securities:

a. The Firm has brief possession of a client's funds or securities. Holding stock certificates or cash, even briefly, exposes those assets to the risk of misuse or loss. However, inadvertent receipt of a client's funds or securities will, in general, not be viewed as custody if the Firm returns them to the sender within three business days of receiving them.

b. The Firm is authorized to withdraw client funds or securities from a custodian upon instruction to the custodian.

c. The Firm acts in any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position of another type of Fund or other pooled investment vehicle) that gives it, or its supervised persons, legal ownership of, or access to, clients' funds or securities.

**4. Responsibility Under Rule 206(4)-2 Adopted Under the Advisers Act When the Firm has Custody of Client Funds/Securities.** Where the Firm maintains possession or custody of client funds/securities, the **Chief Compliance Officer** shall ensure compliance with the restrictions and requirements of *Rule 206(4)-2 adopted under the Advisers Act*. *Rule 206(4)-2* requires the Firm to:

a. maintain client funds/securities with third parties that are "qualified custodians" (which term generally includes: banks; savings associations that have deposits insured by the Federal Deposit Insurance Corporation; broker-dealers registered under the Exchange Act; futures commission merchants registered under the U.S. Commodity Exchange Act, but only with respect to certain funds and other assets;

and foreign financial institutions that customarily hold financial assets for their customers, provided that such institutions keep client assets in customer accounts segregated from the institutions' proprietary assets); provided, however, that shares of an open-end company as defined in Section 5(a)(1) of the Investment Company Act (otherwise known as a "mutual fund") may be maintained by the Firm at the mutual fund's transfer agent;

b. provide the client (or, in the case of a Fund, the Fund's investors) with notice as to the name of the qualified custodian, its address and the manner in which the funds or securities are maintained; and

c. except as provided below, provide quarterly account statements to the client (or, in the case of a Fund, to the Fund's investors).

**5. Exception From the Requirement to Deliver Quarterly Account Statements for Funds.**

a. The Firm is not required to deliver quarterly account statements, as set forth above, to a Fund's investors, if the Fund is subject to an annual audit and distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all investors of the Fund within 120 days of the end of its fiscal year or in the case of a fund of funds within 180 days of the end of its fiscal year.

b. The Firm may rely on this exception if the Firm reasonably believes that the Fund's audited financial statements will be distributed within the 120 or 180 day period. If the Firm determines to rely upon this exception with respect to a Fund, the Firm will confer with the Fund's auditor, and in the event that the Fund is a fund of funds, each of the Fund's underlying investment funds and/or their respective investment managers, to ascertain the Fund's ability to distribute its audited financial statements within the above-described 120-day or 180-day period.

**6. Other Exceptions to Rule 206(4)-2.** The Firm is not required to comply with Rule 206(4)-2 with respect to:

a. Securities that satisfy each of the following conditions: (i) the securities are acquired from an issuer in a transaction or chain of transactions not involving a public offering; (ii) the securities are uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) the securities are transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. This exception is available with respect to securities held by a Fund only if the Fund complies with the audit and distribution requirements set forth above.

b. ~~An investment company registered under the Investment Company Act.~~

**E. Solicitors and Referral Fees.**

Any fees paid by the Firm for referrals of investors are subject to Rule 206(4)-3 under the Advisers Act. This Rule and certain SEC interpretations prohibit an investment adviser from sharing its fees with or otherwise making a cash payment to any person for recommending the investment adviser to a client or potential client, unless the following conditions are met:

- The solicitor (i) is not subject to any order issued by the SEC restricting the solicitor's activities, (ii) has not been convicted within the previous ten years of any felony or misdemeanor involving the purchase or sale of securities or other types of fraud, (iii) has not been found by the SEC to have, and has not been convicted of having, made any false or misleading statement or omission relating to a material fact in any report under any of the federal securities laws, and (iv) is not subject to an order, judgment or decree permanently or temporarily enjoining the solicitor from acting as, among other things, an investment adviser, broker, dealer or performing a substantially equivalent function;
- The adviser enters into a written agreement with the solicitor governing the payment of cash referral fees, and if the solicitor is not affiliated with the adviser, the agreement must contain certain undertakings by the solicitor; and
- For solicitors affiliated with the adviser, the nature of the solicitor's relationship with the adviser is disclosed to potential clients at the time of solicitation in writing pursuant to a disclosure document. For unaffiliated solicitors, certain other disclosures are made to potential clients (including disclosures about the terms of the solicitor's compensation arrangement and the amount that the client will be charged in addition to the advisory fee for obtaining his account).
- The client has signed the written disclosure document set forth above (including an acknowledgment that it has received the Firm's current Form ADV Part II and such signed disclosure document has been provided to the Firm and maintained as part of the Firm's books and records).

These conditions govern the activities of persons soliciting clients for an adviser's advisory services, i.e., individually managed accounts. However, it is the Firm's policy to apply these requirements to persons engaged to refer investors to the Funds. Furthermore, all persons who solicit clients for the Firm shall be registered broker-dealers or registered representatives of registered broker-dealers. No employee is authorized to enter into any solicitation arrangement without the prior written approval of the **Chief Compliance Officer**, who will seek to ensure that such an arrangement is in compliance with Rule 206(4)-3, including the additional disclosure obligations relating to unaffiliated solicitors. All such arrangements must contain provisions to ensure that the solicitor complies with all applicable private placement restrictions. The **Chief Compliance Officer** shall maintain a copy of all agreements with any such persons.

**SECTION X**  
**PRIVACY POLICY**

**A. Introduction.** The Firm's privacy policy (the "Privacy Policy") is attached hereto as Exhibit E. The procedures relating to the distribution of this Privacy Policy are as follows: (i) the Privacy Policy will be given out with subscription documents and other material sent to a prospective investor; (ii) a record will be kept of all those who received the Privacy Policy and will be maintained by the **Executive Assistant**; (iii) the Privacy Policy will be sent annually by the **Executive Assistant** to all individual investors in a Fund; and (iv) the **Chief Compliance Officer** will ensure that all contracts with third-party service providers who might receive nonpublic personal information require the service provider to observe privacy rules. Furthermore, the **Chief Compliance Officer** will update the Privacy Policy as needed, as well as remind all employees about the need to keep nonpublic personal information about investors confidential.

**SECTION XI**  
**ADVERTISING/MARKETING**

**A. Regulation.** The Firm's advertising and marketing practices are regulated by the SEC under Section 206 of the Advisers Act, which generally prohibits the Firm from engaging in fraudulent, deceptive, or manipulative activities, which includes making of any untrue statement of a material fact or any statement that is otherwise false or misleading. In appraising advertisements by the Firm, the SEC will not only look to the effect that an advertisement might have on careful and analytical persons but will also look at the advertisement's possible impact on those unskilled and unsophisticated in investment matters. [See SEC Release No. 1644.]

**B. No Public Offering / Limitations on Solicitation and Marketing Activities for Offers and Sales of Fund Interests.** ~~Offers and sales of Fund interests in the United States or to U.S. Persons will generally be made by the Firm in reliance on SEC Regulation D adopted under the U.S. Securities Act of 1933, as amended, which prohibits the use of general solicitation or advertising in connection with such offers and sales. The Managers of the Firm shall be responsible for advising the Chief Compliance Officer of any offers of Fund interests by the Firm. The Chief Compliance Officer of the Firm shall be responsible for reviewing offers and sales of Fund interests by the Firm for compliance with the Covered Laws.~~

**C. Definition of Advertisement.** The term "advertisement" is defined to include: any notice, circular, letter or other written communication addressed to more than one person, or any notice or other announcement in any publication or by radio or television, which offers (i) any analysis, report, or publication concerning securities, or which is to be used in making any determination as to when to buy or sell any security, or which security to buy or sell, or (ii) any graph, chart, formula, or other device to be used in making any determination as to when to buy or sell any security, or which security to buy or sell, or (iii) any other investment advisory service with regard to securities. [See Rule 206(4)-1(b) adopted under the Advisers Act]

**D. Review and Approval.** The **Director of Marketing** shall be responsible for providing copies of all advertisements to the **Chief Compliance Officer** prior to use. The **Chief Compliance Officer** shall be responsible for reviewing and approving all advertisements prior to use for compliance with Rule 206(4)-1 and other applicable rules adopted under the Advisers Act. In particular, all advertisements, including account statements, shall be accurate in all material respects. The signing or initialing of the advertisement copy shall indicate approval.

**E. Prohibited References.** It is unlawful for the Firm to represent that it has been sponsored, recommended or approved, or that its abilities or qualifications have been passed upon, by any federal or state governmental agency.

**F. Regulatory Background.** Detailed rules under the Advisers Act govern the use of advertisements by the Firm. In particular, Rule 206(4)-1 adopted under the Advisers Act prohibits an investment adviser from using advertising or sales literature that (i) refers, directly or indirectly, to any testimonial concerning the Firm or any such rendered by the Firm; (ii) refers, directly or indirectly, to past specific recommendations of the Firm that were or would have been profitable, unless the advertisement sets out or offers to furnish a list of all recommendations made by the Firm within the immediately preceding period of not less than one year if such advertisement, and such list if it is furnished separately: (A) states the name of each such security recommended, the date and nature of each such recommendation (e.g., whether to buy, sell or hold), the market price at that time, the price at which the recommendation was to be acted upon, and the market price of each such security as of the most recent practicable date, and (B) contains the following cautionary legend on the first page thereof in print or type as large as the largest print or type used in the body or text thereof: "it should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list"; (iii) represents, directly or indirectly, that any graph, chart, formula or other device offered by the Firm can in and of itself be used to determine which securities to buy or sell, or when to buy or sell them, or will assist any person in making his own decisions as to which securities to buy, sell, or when to buy or sell them, unless the advertisement contains prominent disclosures as to the limitations of such graphs, charts, formulas or other devices and the difficulties with respect to their use; (iv) states that any report, analysis or other service will be furnished free unless the report, analysis or other service will in fact be furnished entirely free (i.e., without any condition or obligation, directly or indirectly); or (v) contains any untrue statement of a material fact, or which is otherwise false or misleading.

**G. Interviews with the Media.** The **Managers** and the **Director of Marketing** will be responsible for overseeing any contact with the media, subject to conferring as necessary with the **Chief Compliance Officer**. All employees who wish to have discussions with the media shall request permission from a **Manager** prior to any discussions.

## SECTION XII

### DISCLOSURE

**A. Responsibility.** The Firm is required to disclose information regarding its business and business practices to both regulators and members of the public. The **Chief Compliance Officer**

shall be responsible for overseeing the Firm's disclosures as required by applicable laws, rules and regulations, including, but not limited to the disclosures required by Rule 206(4)-4 adopted under the Advisers Act and Form ADV (which includes detailed instructions regarding the disclosures required therein).

**B. Brochure Rule.** [Rule 204-3 adopted under the Advisers Act.]

**1. Delivery To New Clients.** The Executive Assistant shall deliver a copy of Part II of the Firm's ADV or a written document containing at least the information required by Part II of the Firm's ADV (the "204-3 Statement") to any client or prospective client who subsequently becomes a client. The 204-3 Statement shall be delivered to the client or prospective client (i) not less than 48 hours prior to entering into any contract with the client or prospective client, or (ii) at the time of entering into any such contract, if the client has a right to terminate the contract without penalty within five business days after entering into the contract.

**2. Annual Delivery To Existing Clients.** The Executive Assistant shall prior to April 15 of each year deliver the 204-3 Statement to each of the Firm's clients or offer to deliver the 204-3 Statement upon request. Any 204-3 Statement so requested shall be mailed or delivered within seven days of the receipt of the request.

**3. Electronic Delivery of Disclosure Information.** The Firm may deliver the following disclosure information to clients, using electronic formats approved by the Firm:

- a. Part II of the Firm's Form ADV [Rule 204-3 adopted under the Advisers Act];
- b. disclosure regarding no assignment of an investment advisory contract by the Firm without the client's consent (subject to certain exceptions) [Section 205(a)(2) of the Advisers Act];
- c. disclosure regarding, and client consent of, principal transactions [Section 206(3) of the Advisers Act];
- d. disclosure regarding performance-based compensation [Rule 205-3 adopted under the Advisers Act]; and
- e. such other types of disclosure information as permitted by laws, rules and regulations.

**C. Fund Offering Documents.** The various Portfolio Managers shall ensure that each investor in a Fund is provided with a copy of the Fund's offering memorandum (and other offering documents, if any), at or prior to the time that the investor is solicited by the Firm or its employees, and in any event prior to such time as the investor initially invests in the Fund. If a Fund's offering memorandum is materially updated and/or amended, the various Portfolio Managers will offer to deliver to each Fund investor a copy of the updated/amended offering memorandum upon the written request of the investor.



**D. Supplemental Disclosure.** To the extent that material developments occur with respect to the Firm (such as with respect to its business, financial condition, personnel, etc.) or otherwise that will, or have the potential to, have a material impact on the ability of the Firm to continue to perform investment advisory services on behalf of its clients or otherwise to remain a viable business operation, the **Chief Compliance Officer** and the **Managers** will give due consideration to whether such developments merit an amendment to the Firm's Form ADV or to a Fund's offering documentation, or otherwise merit supplemental disclosure to the Firm's clients and the Funds' investors. If necessary, the **Chief Compliance Officer** and/or a **Manager** will confer with the Firm's outside counsel regarding such matter. The **Chief Compliance Officer and the Executive Assistant** shall be responsible for ensuring that any amended or supplemental disclosure is prepared in a proper and timely manner and either made available, or delivered, to clients and Fund investors.

### SECTION XIII

#### ELECTRONIC COMMUNICATIONS

**A. Supervisory Responsibility.** The **Chief Compliance Officer** shall be responsible for monitoring the Firm's use of electronic media for communication purposes for compliance with applicable laws, rules and regulations. The Firm's use of such electronic media may include, but is not limited to:

1. reporting of, and accessing information from, regulatory authorities;
2. delivery of disclosure documents and other notifications to clients;
3. correspondence through use of e-mail;
4. use of facsimile machines;
5. use of video teleconferencing; and
6. use of Internet web sites, chat rooms and bulletin boards.

**B. Monitoring.** The **Chief Compliance Officer** and the **Executive Assistant** shall review the Firm's use of electronic communications for the following:

1. **Notice.** That electronic notifications to clients are sent in a timely manner and are adequate to properly convey the message;
2. **Access.** That clients who are provided with information electronically are also given access to the same information as would be available to them in paper form;
3. **Evidence of Delivery.** That procedures ensure that delivery obligations are met when using electronic mail; and

4. **Security.** That reasonable precautions have been taken to ensure the integrity, confidentiality and security of information sent through electronic means and that such precautions have been tailored to the medium used.

**C. Advertising/Marketing Materials.** Where an electronic medium is used to disseminate advertisements for the Firm's services or other information that is not subject to a delivery requirement, it will be subject to the same requirements that apply to such communications made in paper form. [See Section XI of this Manual.]

**D. Internet Communications and E-mail Disclosures.**

1. **Responsibility.** The **Chief Compliance Officer** shall monitor the Firm's use of the Internet, the World Wide Web, and similar proprietary or common carrier electronic systems (collectively, the "Internet") to distribute information, for compliance with all applicable federal and state laws, rules and regulations. The information and procedures contained within this section should be used as a general guideline for reviewing the Firm's Internet related business practices.

2. **Internet, E-mail and Website Disclosure Requirements.** At a minimum, all information distributed via the Internet must meet the following requirements:

a. **Web Sites.**

(i) **The Only Clients of the Firm Are Funds.** If the Firm's clients are exclusively pooled investment entities that offer their securities in transactions exempt from registration under the Securities Act (i.e., in a Regulation D offering), the Firm's web sites shall be password protected and access shall only be given to Fund investors and properly qualified prospective investors.

(ii) **Firm Clients Include Managed Accounts.** To the extent that the Firm offers its services on a managed account basis, the Firm may provide information about itself and its business on a non-password protected basis. However, information regarding any Funds shall be password protected.

**SECTION XIV**

**PRINCIPAL AND AGENCY CROSS TRANSACTIONS**

**A. Review.** The **Managers and Chief Compliance Officer** will review all transactions with clients that involve either a principal or an agency cross transaction, to ensure that such transaction is in the best interests of the client and that the Firm has made appropriate disclosure to the clients on the Firm's Form ADV. Principal or agency cross transactions are permitted only if the Firm:

1. believes the transaction is in the best interest of the client;

2. has disclosed in the Firm's Form ADV prior to entering into such a transaction that it may engage in this type of transaction and any potential conflicts of interests relating thereto;

3. makes written disclosure to the client of the capacity in which it is acting;

4. provides the client with the current quoted price for a proposed transaction, and, if applicable, current best price information and proposed commission charges (in the case of pre-execution consent); and

5. obtains the client's written consent for each transaction prior to completing the transaction (e.g., settlement of the transaction).

The Firm may obtain written consent after the execution of the transaction but before settlement if the Firm satisfies the disclosure and consent requirements set forth in Section XIV.A above (other than XIV.A.4) plus the following conditions are met:

1. the Firm notifies the client that the client may "opt out" of the transaction (e.g., if the client withholds consent it is not required to bear any loss in the value the securities involved in such transaction);

2. the Firm discloses the fee/commission that will be charged for the transaction; and

3. the Firm quotes a firm price and the best price for the transaction.

#### **B. Principal Transactions.**

1. **Definition.** A principal transaction is one in which the Firm engages in the practice of buying securities for the Firm's own inventory from a client or selling securities from the Firm's own inventory to a client.

2. **Timing of Disclosure.** For principal transactions, the disclosure and consent requirements set forth above must be satisfied in conjunction with, and prior to the completion of, each principal transaction (use of electronic media is permitted). A blanket consent agreement signed at the beginning of an advisory relationship will not be sufficient to satisfy these requirements.

#### **C. Agency Cross Transactions.**

1. **Requirements.** An agency cross transaction occurs when the Firm acts as broker (i.e., is compensated as such) with respect to a trade with an advisory client on one side of the transaction and a non-advisory client on the other. An agency cross transaction may result in a better price and/or lower transaction costs for the advisory client. Agency cross transactions are permitted if:

a. the disclosures and the consent requirements set forth in Section XIV.A above have been satisfied;

- b. the transaction is confirmed in writing;
- c. the Firm provides the client with an annual summary of agency cross transactions; and
- d. all client statements disclose that the client may provide written notice at any time to terminate the agency cross transaction authority.

**2. Confirmations.** [Rule 206(3)-2 adopted under the Advisers Act]. All agency cross transactions must be confirmed to the client in writing, at or before the completion of the transaction. Confirmations must include the following information:

- a. the date of the transaction;
- b. the source and amount of the Firm's compensation;
- c. the nature of the transaction; and
- d. an offer to supply the time of the transaction, if requested.

**3. Annual Summary.** Clients are required to be provided with an annual summary of their agency cross transactions. This summary must include:

- a. a description of all agency cross transactions involving the client;
- b. the total number of agency cross transactions involving the client;
- c. the total amount of the Firm's compensation relating to such transactions; and
- d. a notification that the client may revoke their agency cross transaction authorization at any time.

#### SECTION XV

### POLICY TO DETECT AND PREVENT MISUSE OF MATERIAL NONPUBLIC INFORMATION

All employees shall comply with applicable law regarding insider trading and the procedures governing the detection and prevention of the misuse of material non-public information set forth herein.

**A. Introduction.** Under the Insider Trading and Securities Fraud Enforcement Act of 1988 and Section 204A of the Advisers Act, the Firm must establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of material, non-public information. Accordingly, the Firm forbids any employee from trading, either personally or on behalf of

others (including Funds), on material nonpublic information or communicating material nonpublic information to others in violation of the law. This conduct is frequently referred to as "insider trading." The Firm's policy applies to every employee and extends to activities within and outside their duties at the Firm. Every employee must read and retain this policy statement. Any questions regarding the Firm's policy and procedures should be referred to the **Chief Compliance Officer**.

Firms may be liable for failing to establish, maintain and enforce appropriate policies and procedures where such failure "substantially contributed to or permitted" a violation. This Policy to Detect and Prevent the Misuse of Material Non-Public Information ("Insider Trading Policy") has been adopted pursuant to the foregoing requirements and considerations.

**Strict compliance with this Insider Trading Policy is essential to the Firm and its reputation. This Insider Trading Policy is in addition to and separate from (i) the Personal Account Trading Policy of the Firm (set forth in Section IV of this Manual), and (ii) other provisions of law applicable to individual transactions by investment advisory personnel, securities industry employees and fiduciaries generally. NONCOMPLIANCE WITH THIS INSIDER TRADING POLICY CAN BE GROUNDS FOR IMMEDIATE DISMISSAL BY THE FIRM OF ANY EMPLOYEE. Every employee of the Firm is expected to be familiar with this Insider Trading Policy and the procedures contained herein. These matters can be reviewed with the Chief Compliance Officer at any time.**

Material non-public information obtained by any employee with respect to any client of the Firm from any source must be kept strictly confidential, subject in all respects to exceptions for legitimate business purposes and any requirements under Covered Laws. Employees shall not act upon or disclose to any person material non-public information except as may be necessary for legitimate business purposes or as may be required by any Covered Laws. Questions regarding this area should be promptly directed to the **Chief Compliance Officer**.

Material non-public information may include, but is not limited to, knowledge of pending orders or research recommendations, corporate finance activity, mergers or acquisitions, and other such material non-public information. The Firm's clients' background and financial and other business information, securities holdings, balances, etc., may also constitute material non-public information and, if so, must not be discussed with any persons not affiliated with the Firm whose responsibilities do not require knowledge of those facts and data, subject in all respects to any requirements under Covered Laws [see Section X of this Manual regarding privacy of personal non-public information of clients].

**1. Policy Statement on Insider Trading.** No Firm employee may purchase or sell a security of any issuer while in possession of material non-public information about that security or issuer, in breach of a duty of trust or confidence that is owed directly, indirectly, or derivatively, to the issuer of that security or the shareholders of that issuer, or to any other person who is the source of the material non-public information, or communicate material non-public information to another in violation of the law. This Insider Trading Policy applies to every employee of the Firm and extends to one's activities both within and outside his or her duties at the Firm. Each employee must read and acknowledge receipt of this Insider Trading Policy and retain a copy. Any questions

regarding this Insider Trading Policy and the related procedures should be referred to the **Chief Compliance Officer**.

**2. Who is an Insider.** The concept of "insider" is broad. It includes officers, directors, and employees. In addition, a person can be a "temporary insider" if he or she enters into a special confidential relationship in the conduct of a company's affairs and as a result is given access to information solely for the company's purposes. A temporary insider can include, among others, a firm's attorneys, accountants, consultants, bank lending officers, shareholders, and the employees of such organizations. In addition, the Firm may become a temporary insider of another company that it is a shareholder of or for which it performs services. According to the U.S. Supreme Court, a company must expect an outsider to keep the disclosed material non-public information confidential and the relationship must at least imply such a duty before the outsider will be considered an insider.

**3. What is Material Information?** "Material information" generally is defined as information for which there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions, or information that is reasonably certain to have a substantial effect on the price of a company's securities.

Information that officers, directors and employees should consider material includes, but is not limited to, dividend changes, earnings estimates, changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation, liquidation problems, and extraordinary management developments. Material information does not have to relate to a company's business. For example, in *Carpenter v. U.S.*, 108 U.S. 316 (1987), the Supreme Court considered as material certain information about the contents of a forthcoming newspaper column that was expected to affect the market price of a security. In that case, a Wall Street Journal reporter was found criminally liable for disclosing to others the dates that reports on various companies would appear in the Wall Street Journal and whether those reports would be favorable or not.

**4. What is Non-public Information?** Information is non-public until it has been effectively communicated to the market place. One must be able to point to some fact to show that the information is generally public. For example, information found in a report filed with the SEC, or appearing in Dow Jones, Reuters Economic Services, the Wall Street Journal or other publications of general circulation would be considered public.

#### **5. Bases for Liability.**

*a. Fiduciary Duty Theory.*

In 1980, the Supreme Court found that there is no general duty to disclose before trading on material non-public information, but that such a duty arises only where there is a fiduciary relationship. That is, there must be a relationship between the parties to the transaction such that one party has a right to expect that the other party will disclose any material non-public information or refrain from trading. *Chiarella v. U.S.*, 445 U.S. 22 (1980).

In *Dirks v. SEC*, 463 U.S. 646 (1983), the Supreme Court discussed alternate theories under which non insiders can acquire the fiduciary duties of insiders: (i) non insiders can enter into a confidential relationship with the Firm through which they gain information (e.g., attorneys, accountants); or (ii) non insiders can acquire a fiduciary duty to the Firm's shareholders as "tippees" if they are aware or should have been aware that they have been given confidential information by an insider who has violated his fiduciary duty to the Firm's shareholders.

In the "tippee" situation, however, a breach of duty occurs only if the insider personally benefits, directly or indirectly, from the disclosure. The benefit does not have to be pecuniary, but can be a gift, a reputational benefit that will translate into future earnings, or even evidence of a relationship that suggests a quid pro quo.

b. Misappropriation Theory.

Another basis for insider trading liability is the "misappropriation" theory, where liability is established when trading occurs on material non-public information that was stolen or misappropriated from any other person. In *U.S. v. Carpenter*, supra, the Court found, in 1987, that a columnist defrauded the Wall Street Journal when he stole information from the Wall Street Journal and used it for trading in the securities markets. In *United States v. O'Hagan*, 521 U.S. 642 (1997), the Supreme Court found that an attorney had defrauded his law firm when he used material non-public information in the Firm's file to trade in securities. Although the attorney did not trade in a client's securities, he nevertheless was found criminally liable for insider trading because his trading had breached the confidences of his law firm.

It should be noted that the misappropriation theory can be used to reach a variety of individuals not previously included under the fiduciary duty theory. Furthermore, the SEC has adopted a regulation which explicitly sets forth three situations in which a duty of trust or confidence is deemed to exist for purposes of the misappropriation theory including, without limitation: certain family relationships; where a person agrees to maintain information in confidence; and where the person communicating the material non-public information and the person to whom it is communicated have a history or pattern of sharing confidences such that the recipient of the information knows or should reasonably know that the other person expects the recipient to maintain the confidentiality of the information.

**6. Penalties for Insider Trading.** Penalties for unlawful trading on or communicating material non-public information are severe, both for individuals involved in such unlawful conduct and for their employers. A person can be subject to some or all of the

penalties below even if he or she does not personally benefit from the violation. Penalties include:

- a. civil injunctions;
- b. treble damages;
- c. disgorgement of profit;
- d. jail sentences;
- e. fines for the person who committed the violation, whether or not the person actually benefited therefrom; and
- f. fines for the employer or other controlling person.

In addition, any violation of this Insider Trading Policy can be expected to result in the imposition of serious sanctions by the Firm, including dismissal of the persons involved.

## **B. Procedures to Implement Policy to Detect and Prevent Insider Trading.**

**1. Identifying Material Non-Public Information.** Before trading for himself or herself or others including, without limitation, personal or client brokerage accounts, in the securities of a company about which an employee may have potential material non-public information, or communicating information to others that may constitute material non-public information, the employee should ask himself or herself the following questions:

- a. Is the information material? Is this information that an investor would consider important in making his or her investment decisions? Is this information that would substantially affect the market price of the securities if generally disclosed?
- b. Is the information non-public? To whom has this information been provided? Has the information been effectively communicated to the marketplace through publication in Reuters, the Wall Street Journal or other publications of general circulation?
- c. Does the potential trading or communication breach a duty of trust or confidence that is owed directly, indirectly, or derivatively, to the issuer of the security or the shareholders of the issuer, or to any other person who is the source of the material non-public information?

If, after consideration of the foregoing, an employee believes that the trading or communication may constitute insider trading, or if the employee has questions as to whether the trading or communication may constitute insider trading, the employee should take the following steps:

- a. Immediately report the matter to a **Manager and Chief Compliance Officer**.
- b. ~~Refrain from purchasing or selling the securities on behalf of the employee or others, including family members or client accounts.~~



- c. Refrain from communicating the information inside or outside the Firm, other than to a **Manager** and the **Chief Compliance Officer**, and other than as may be required by any Covered Laws.
- d. After a **Manager** and the **Chief Compliance Officer** have reviewed the issue (and if the **Chief Compliance Officer** deems necessary in his sole discretion, consulted with outside legal counsel), the employee will be instructed to continue the prohibitions against trading and communication, or the employee will be allowed to trade and communicate the information.

**2. Personal Securities Trading.** All Access Persons of the Firm are required to comply with the Firm's Personal Account Trading Policy. [See Section IV of this Manual.]

**3. Restricting Access to Material Non-Public Information.** Information in an employee's possession that he or she identifies as material and non-public may not be communicated to anyone, including persons within the Firm, except as provided in Paragraph 1 above (Identifying Material Non-Public Information). In addition, care should be taken so that such information is secure. For example, access to computer files containing material non-public information should be restricted.

**4. Resolving Issues Concerning Insider Trading.** If, after consideration of the items set forth in Paragraph 1 above (Identifying Material Non-Public Information), doubt remains as to whether information is material or non-public, or if there are any unresolved questions as to the applicability or interpretation of the foregoing procedures, or with respect to the propriety of any action, it must be discussed with a **Manager** and the **Chief Compliance Officer** (and if necessary, with outside legal counsel) before trading or communicating the information to anyone.

**C. Supervision and Review.** The role of the **Chief Compliance Officer** is important to the implementation and maintenance of this Insider Trading Policy.

**1. Compliance with Insider Trading Policy.** In order to assist with the compliance with the Insider Trading Policy, the **Chief Compliance Officer** shall:

- a. provide, on a regular basis, information to familiarize Firm employees with this Insider Trading Policy;
- b. answer questions regarding the Insider Trading Policy;
- c. resolve issues (after consultation with a **Manager** and outside legal counsel) of whether information received by an employee is material and nonpublic;
- d. review periodically and update as necessary the Insider Trading Policy; and

- e. when it has been determined that an employee has material non-public information: (i) implement appropriate measures to prevent dissemination of such information; and (ii) if necessary, restrict employees from trading the securities.

In order to assist with compliance with the Insider Trading Policy, the **Portfolio Managers** shall:

- a. Maintain a list, in writing or otherwise, of issuers of securities that the Firm is analyzing or recommending for client transactions;
- b. Maintain a restricted list, in writing, of issuers about which the Firm has material non-public information and the trading in the securities of which by the Firm or its employees would constitute insider trading;
- c. Determine when blackout periods shall be imposed in the trading of securities of certain issuers;
- d. Remind the employees of the Firm that, to the extent relevant, investment opportunities must be offered first to clients before the Firm or its employees may act on them, and to the extent enforcement of this policy is outside the control of the **Portfolio Managers**, provide procedures to implement this policy;
- e. Trade securities with full sensitivity to the potential application of the Section 16 of the Exchange Act "short swing" profits rule, and enforce an absolute prohibition on "market timing" transactions;
- f. As and when appropriate, provide for requirements to trade only through certain brokers, and establish limitations on the number of brokerage accounts of the Firm permitted; and
- g. Assign new securities analyses to employees whose personal holdings do not present apparent conflicts of interest.

**2. Detection of Insider Trading.** In order to detect insider trading, the **Chief Compliance Officer** shall:

- a. review the trading activity reports filed by each employee; and
- b. review, to the extent practicable, trading activity in client brokerage accounts;

**3. Special Reports to the Managers.** Promptly, upon learning of a potential violation of the Insider Trading Policy, the **Chief Compliance Officer** should prepare a written report to the **Managers** providing full details and recommendations for further action.

**SECTION XVI**

**TRADING PRACTICES / BROKERAGE ALLOCATION**

*[See Section 206 of the Advisers Act]*

**A. Prohibitions.** The Firm and Firm employees are prohibited from:

1. employing any device, scheme, or artifice to defraud any client or prospective client;
2. engaging in any transaction, practice or course of business that operates as a fraud or deceit upon any client or prospective client;
3. engaging in any act, practice or course of business that is fraudulent, deceptive or manipulative;
4. directly or indirectly acquiring any beneficial interest in securities of an initial public offering (IPO) or private placement without prior written approval from the **Managers and Chief Compliance Officer**;
5. acting as a principal for its own account, or acting as broker for another person, except as set forth in Section XIV above;
6. knowingly selling or buying any security from an advisory client without first disclosing in writing its capacity in the transaction and obtaining the client's consent to the transaction as set forth in Section XIV above;
7. engaging in trading after the close;
8. engaging in "market timing" transactions; and
9. engaging in trading that is inconsistent with the trading parameters set forth in the offering documents of the Firm clients.

**B. Trading After the Close.** It is the Firm's policy not to engage in late trading when purchasing or redeeming mutual fund shares. Trading after the close is the practice of placing orders to buy or sell shares of a mutual fund after 4:00PM Eastern Time, the time when most funds calculate their net asset value (NAV), but the investor still receives the current day's price. Allowing shares to be traded after their price has been set for the day creates an unfair advantage for certain investors at the expense of other shareholders.

**C. Market Timing.** It is the Firm's policy not to engage in market timing when purchasing or redeeming mutual fund shares.

**D. Block Trading.** Block trading (bunching transactions) on behalf of the Firm clients is permitted where the following conditions are met:

1. A **Manager** has determined that the securities order is:
  - a. in the best interests of each client participating in the order;
  - b. consistent with the Firm's duty to obtain best execution; and
  - c. consistent with the terms of the investment advisory agreement of each participating client.
2. Any investment by one client shall not be dependent or contingent upon the willingness or ability of another client to participate in such transaction;
3. The terms negotiated for the bunched transaction should apply equally to each participating client;
4. The allocation of securities purchased or sold in a bunched trade must be made in accordance with the Firm's allocation procedures set forth below;
5. The price of the securities purchased or sold in a bunched transaction shall be at the average share price for all transactions of the clients in that security on a given day, with all transaction costs shared on a pro rata basis;
6. The books and records of the Firm will separately reflect, for each client for whom an order is bunched, the securities held by, purchased and sold for that client.

The Firm's policy is not to engage in trading in order to seek to manipulate the market for a security or otherwise engage in trading for deceptive purposes. In particular, it is the Firm's policy not to engage in wash transactions or other transactions intended to artificially affect the price of a security, transactions that are intended to influence the daily, monthly or quarterly reported closing price (sometimes called "portfolio pumping"), or trading intended to deceive investors about a fund's strategy or investments (sometimes called "window dressing"). This policy does not prohibit transactions made for investment purposes, even if made at or near the close of the market or a reporting period.

The **Chief Compliance Officer** will from time to time (a) confirm that the records referred to in the prior paragraph are being created and maintained and (b) review transactions on a sample basis to determine whether there has been compliance with the Firm's policies concerning avoiding manipulative or deceptive trading.

The Firm shall comply with all applicable law relating to the short sale of securities. Short sales will be identified as such on all applicable trade tickets. Prior to placing a short sale order, a trader employed by the Firm must affirmatively determine that the securities being shorted can be borrowed by the settlement date. The **Chief Compliance Officer** shall review each trader's short sales periodically to ensure that there has been no unusual short selling or violation of applicable law.

**E. Trade Allocation.** Each Firm client may have separate investment objectives and investment restrictions which the Firm will be required to follow; as a result, certain investment opportunities may be appropriate for certain Firm clients and not appropriate for other Firm clients. If a client qualifies for participation in the purchase of a specific security or investment opportunity, the Firm will, in general, allocate the securities among the client and the Firm's other clients for which the security or investment opportunity is appropriate, by applying such considerations as the Firm deems appropriate, including relative size of such entities, amount of available capital, size of existing positions in the same or similar securities, leverage and legal and tax considerations and other factors. In all cases securities and other investment opportunities shall be allocated to Firm clients only to the extent such investments are consistent with the client's investment objectives. The **Managers** shall be responsible for the Firm's trade/investment opportunity allocation practices of the Firm in order to ensure, taking into account all relevant factors, that the Firm's trade/investment opportunity allocation practices are being implemented by the Firm in a manner that is fair and equitable to, and appropriate for, the Firm's clients.

**F. New Issues – FINRA Rule 5130.** The **Managers** and the **Chief Compliance Officer** shall ensure that the Firm complies with FINRA Rule 5130. FINRA Rule 5130 places certain restrictions on the purchase and sale of initial equity public offerings.

**G. Agency Cross Transactions.** *[See Section XIV in this Manual.]*

**H. Principal Transactions.** *[See Section XIV in this Manual.]*

**I. Soft Dollar Practices.** The Firm does not use soft dollar arrangements. To the extent this policy changes the **Chief Compliance Officer** and the **Managers** will draft a soft dollar policy.

**J. Internal Control Procedures.** The **Managers** will be responsible for developing and administering the Firm's policies with respect to brokerage/commission allocation and soft dollar practices. The **Managers** will serve as the control point for all decisions relating to brokerage/commission allocations and soft dollars.

**K. Employee Education.** The **Managers** will meet with employees as needed to review the Firm's policies regarding brokerage/commission allocations and soft dollars.

**L. Review of Form ADV Disclosures.** Annually the **Chief Compliance Officer** will review the Firm's Form ADV to determine if all proper brokerage/commission allocation and soft dollar disclosures, and related conflicts of interest, if applicable, are accurately disclosed. These disclosures need not list products or broker-dealer names; however they may list items such as computer hardware, software, etc.

**M. Reporting Irregularities or Violations.** Employees should report any brokerage/commission allocation and/or soft dollar irregularity or suspicion of any soft dollar irregularity to a **Manager** and/or the **Chief Compliance Officer**. At such time such **Manager** and/or the **Chief Compliance Officer** must investigate the report and its seriousness. This process shall be documented and corrective action, if necessary, should be taken. If the irregularity was caused by an intentional act of an employee, a possible Code of Ethics violation may have occurred and the Firm's disciplinary procedures will go into effect.

**N. Error Corrections.** The Executive Assistant and the Chief Financial Officer, if any, shall ensure that errors created in a client account are corrected so as not to harm any client. The goal of error correction is to make the client "whole", regardless of the cost to the Firm. If the Firm reallocates or corrects an error from one client's account to another, the Firm must absorb any loss from the error. Soft dollar arrangements cannot be used to correct errors made by the Firm when placing a trade for a client's account.

**O. Best Execution.** It is the Firm's policy to achieve best execution when it places orders for client trades with broker-dealers. In the SEC Release 34 23170, the SEC stated:

"As a fiduciary, a money manager has an obligation to obtain 'best execution' of clients' transactions under the circumstances of the particular transaction. The money manager must execute securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances."

To this end, the Firm considers the full range and quality of a broker-dealer's services in placing brokerage including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, anonymity if relevant and responsiveness to the Firm. Best execution does not necessarily mean the lowest possible commission cost, but whether the transaction represents the best qualitative execution for the client taking into account all relevant factors.

**1. Factors Considered When Placing a Trade.** The Firm will consider one or more of the following factors, among others, when placing a trade for a client with a particular broker-dealer:

- a. quality of overall execution services provided by the broker-dealer, in liquid and illiquid markets;
- b. ability to execute without disrupting the market for the security traded;
- c. promptness of execution;
- d. use of dedicated telephone lines;
- e. creditworthiness and business reputation of the broker-dealer;
- f. research (if any) provided by the broker-dealer;
- g. promptness and accuracy of oral, hard copy or electronic reports of execution;
- h. low trade errors and ability and willingness to correct trade errors;
- i. promptness and accuracy of confirmation statements;
- j. ability to access various market centers;
- k. the broker-dealer's facilities;
- l. the market where the securities trades are executed;
- m. any expertise the broker-dealer may have in executing trades for particular securities or particular types of securities;
- n. commissions charged by the broker-dealer;
- o. historical commission rates of the broker-dealer;
- p. reliability of the broker-dealer;

- q. ability of the broker-dealer to use ECNs to gain liquidity, price improvement, lower commission rates and anonymity;
  - r. execution and operational capabilities of the broker-dealer and its clearing firm;
  - s. responsiveness of broker-dealer;
  - t. broker-dealer assessments of the market;
  - u. access to market data;
  - v. ability of the broker-dealer to maintain the confidentiality of all proprietary information provided;
  - w. financial condition of the broker-dealer and willingness to commit capital; and
  - x. handling of block trades.
2. **Disclosure.** The brokerage practices of the Firm will be disclosed in Part II of the Firm's Form ADV. The Firm will describe some of the factors considered when selecting broker-dealers and determining the reasonableness of their commissions.
  3. **Books and Records.** The Firm will maintain records regarding brokerage transactions in client accounts. Specifically, the Firm will maintain a record of each client order placed by the Firm and the broker-dealer that executed the transaction.
  4. **Counterparties.** In evaluating counterparties in the context of various structured and derivative products, The Firm will consider one or more of the following factors, among others: (i) the range of derivative products offered by the counterparty, (ii) the operational expertise of the counterparty in providing confirmation, documentation, timely settlement and on-going operational support for the derivative products entered into by the Firm, (iii) the terms and appropriate documentation of the derivative transactions products by the counterparty, (iv) the counterparty's financial responsibility, (v) the availability of the particular derivative product, and (vi) the counterparty's creditworthiness.

**P. FIRPTA.** Each **Portfolio Manager** of the Firm shall be responsible for determining if the positions he or she is covering are subject to the Foreign Investment in Property Tax Act reasonably promptly after trading in any such position has commenced.

## SECTION XVII

### PROXY VOTING POLICY AND PROCEDURES

This policy (the "Proxy Voting Policy") applies to the voting of proxies by the Firm, for those client accounts over which the Firm has proxy voting authority. [See Rule 206(4)-6 and Rule 204-3 adopted under the Advisers Act.]

**A. General.** The Proxy Voting Policy attached as Exhibit F is designed to ensure that the Firm complies with the requirements under Rule 206(4)-6 and Rule 204-2 adopted under the Advisers

Act, and fulfills its obligation thereunder with respect to proxy voting, disclosure, and recordkeeping. The Firm's objective is to ensure that its proxy voting activities on behalf of its clients are conducted in a manner consistent, under all circumstances, with the best interest of the clients.

## SECTION XVIII

### COMPLAINTS

**A. Supervisory Responsibility.** The **Chief Compliance Officer** shall be responsible for ensuring that all written and electronically transmitted customer complaints are handled in accordance with all applicable laws, rules and regulations and in keeping with the provisions of this section.

**B. Definition.** The term "complaint" is generally defined as any written statement of a client or any person acting on behalf of a client alleging a grievance involving the activities of those persons under the control of the Firm in connection with the solicitation or execution of any transaction or the disposition of securities or funds of that client.

**C. Handling of Customer Complaints.**

**1. Employees.** Employees must notify the **Chief Compliance Officer** immediately upon learning of the existence of a customer complaint, and provide the **Chief Compliance Officer** with all information and documentation in their possession relating to such complaint. Employees are expected to cooperate fully with the Firm and with regulatory authorities in the investigation of any customer complaint.

**2. Review.** The Firm takes any and all customer complaints seriously and the **Chief Compliance Officer** shall promptly initiate a review of the factual circumstances surrounding any written complaint that has been received.

**3. Record Keeping Requirements.** The Firm shall maintain a separate file for all written and electronically transmitted customer complaints, to include the following information:

- a. identification of each complaint;
- b. the date each complaint was received;
- c. identification of the Firm personnel responsible for servicing the account;
- d. a general description of the matter complained of;
- e. copies of all correspondence involving the complaint; and
- f. the written report of the action taken with respect to the complaint.



**SECTION XIX**

**BUSINESS CONTINUITY**

**A. Business Continuity Planning.** The Executive Assistant in conjunction with the Managers and Chief Compliance Officer will be responsible for developing and implementing written policies and procedures to enable the Firm to make a timely recovery from a business disruption. A copy of the Firm's Business Continuity Plan Disclosure Statement is attached hereto as Exhibit D.

**SECTION XX**

**POLICY REGARDING ANTI-MONEY LAUNDERING**

**A. Purpose and Scope.** The purpose of this policy regarding anti-money laundering (this "AML Policy") is to implement an anti-money laundering program that is reasonably designed to prevent the Firm from being used to launder money or finance terrorist activities. This AML Policy provides guidance to all Firm employees regarding the Firm's anti-money laundering program, and articulates the monitoring standards pursuant to which the Firm will conduct its business. Additionally, this AML Policy sets forth minimum standards for documenting the relationships between the Firm and each prospective investor for whom or for which it is proposed that the Firm manage assets.

As part of this AML Policy, the Firm has adopted identity verification procedures pursuant to which the Firm shall endeavor to obtain certain information prior to the acceptance of a prospective investor's funds in order to assess the prospective investor's background, identity and the source of the funds to be invested. The Firm contemplates that compliance with these procedures will enhance the Firm's ability to detect suspicious activity and comply with all applicable anti-money laundering regulation.

This AML Policy has been approved and adopted by the Firm in accordance with the requirements of Section 352 of the USA PATRIOT Act.<sup>1</sup> All Firm employees are expected to carefully review this AML Policy, and to conduct themselves in a manner consistent with the standards and procedures set forth herein.

**B. General Policy.** The Firm is committed to complying with all applicable law relating to anti-money laundering. Accordingly, this AML Policy has been adopted to ensure that the Firm: (i) avoids any involvement in money laundering; (ii) monitors for and reports suspicious activity when detected; and (iii) complies with the relevant provisions of applicable law relating to money laundering. Questions regarding this AML Policy should be directed to the Chief Compliance Officer.

<sup>1</sup> The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56 (2001).

**C. Anti-Money Laundering Program.** The Firm's anti-money laundering program includes the development of internal policies, procedures and controls to prevent and detect money laundering.

1. **Administrators and Other Third-Party Service Providers.** The Firm may contract with administrators or other third-party service providers to assist the Firm in complying with the policies and procedures set forth in this AML Policy.

**D. Money Laundering Controls and Red Flags.** Money laundering is generally defined as engaging in acts that attempt to conceal the origin of proceeds so that unlawful proceeds appear to be derived from legitimate sources. Money laundering may occur in connection with fraud, robbery, terrorism and racketeering. A transaction that seeks to conceal the nature, source or ownership of funds may be indicative of an act of money laundering. All Firm employees must be alert to information that may be evidence of money laundering. The following list contains a non-exhaustive list of suspicious activities and transactions that may be evidence of illegal activity and should be promptly reported to the **Chief Compliance Officer**:

- (i) refusal by a prospective investor to provide requested identifying information;
- (ii) efforts by an investor or prospective investor to cancel a transaction after being informed that verification and identifying information is required;
- (iii) transmission of funds without normal identifying information or in a manner attempting to disguise or hide the country, territory or jurisdiction of origin or other identifying information;
- (iv) unusual concern or secrecy by an investor or prospective investor with regard to identity, business or assets;
- (v) the inability of an investor or prospective investor to adequately describe his or her business, including by demonstrating a general lack of knowledge of his or her industry;
- (vi) the insistence of an investor or prospective investor to invest only by way of cash or cash equivalents;
- (vii) the exhibition by an investor or prospective investor of a lack of concern regarding business risks and transaction costs;
- (viii) requests by an investor or prospective investor that a transaction be processed in a manner that would avoid normal documentation requirements;
- (ix) the appearance by an investor or prospective investor of acting as an agent for a person or entity that he or she refuses or has otherwise failed to identify;

- (x) the aversion by an investor or prospective investor to making representations in connection with anti-money laundering;
- (xi) transactions by or for the benefit of senior foreign political figures,<sup>2</sup> their immediate family members<sup>3</sup> and/or close associates;<sup>4</sup>
- (xii) distributions to an investor through any account other than the original wiring account of such investor;
- (xiii) the attempt by an investor or prospective investor to place funds with the Firm through checks drawn on (or wire transfers made from) accounts of third-parties with no family or business relationship to the investor or prospective investor, or through numerous checks or transfers from one or more issuers or institutions;
- (xiv) the attempt by an investor to make withdrawals in an unusual manner, such as through payments in numerous separate monetary instruments or transfers to unrelated or numerous accounts or to accounts in certain countries, including those in which drugs are known to be produced or those at high-risk for money-laundering or terrorist financing;
- (xv) the reluctance of an investor or prospective investor to provide additional information, including information regarding the identity of beneficial owners, or to answer questions when requested; and/or
- (xvi) frequent changes of address by an investor.

Although no single activity or factor listed above is necessarily indicative of illegal activity, all such instances should be reported to the **Chief Compliance Officer**. The Chief Compliance Officer will evaluate such activities together with other factors, such as the length of time the Firm has known the investor, and any other relationships the Firm or its employees have with such investor. It is the ultimate responsibility of the **Chief Compliance Officer** and the **Managers** to determine whether or not any such reported activity warrants further action. However, the **Chief Compliance Officer** and the **Managers** may deem it prudent to consult with the Firm's legal counsel prior to making any such determination.

<sup>2</sup> A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

<sup>3</sup> An "immediate family member" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.

<sup>4</sup> A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

**E. OFAC Verification.** Prior to accepting any initial funds from a prospective investor, or additional funds from an existing investor, the name and address of such investor, and any other available information regarding the prospective investor shall be checked against the current U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") list of "Specially Designated Nationals, Blocked Persons or Sanctioned Countries" on its website at <http://www.treas.gov/offices/enforcement/ofac/sdn/>. Upon the determination that the name of a prospective investor appears on the list of Specially Designated Nationals, Blocked Persons or Sanctioned Countries, the **Chief Compliance Officer** shall immediately be notified and the prospective investor's funds shall not be accepted. Upon the determination that the name of an existing investor subsequently appears on the list of Specially Designated Nationals, Blocked Persons or Sanctioned Countries, the **Chief Compliance Officer** shall consult with the **Managers** and/or the Firm's legal counsel as to the Firm's regulatory and fiduciary obligations prior to taking any further action.

In addition to the OFAC verification, all prospective investors shall be required by the Firm to make certain representations relating to identity (e.g., "Know Your Client" representations) that shall be included in each subscription agreement for each Fund.

~~**F. Identity Verification Procedures.** The Firm must obtain certain information and documentation before it accepts any funds from a prospective investor. The Firm may receive such information from administrators or other third-party service providers with which the Firm has contracted with to provide such information. Such information must be reviewed by the **Chief Compliance Officer** (or an authorized designee, such as an administrator of a Fund) in order to assess a prospective investor's background, identity, and the source of the funds it invests. This information will be used to determine whether the prospective investor should be permitted to deposit funds in any of the Firm's Funds.~~

**G. Prohibited Transactions.** The Firm will only accept wire transfers from a banking or other financial institution that is incorporated or has its principal place of business in a FATF Country.<sup>5</sup> Additionally, the Firm shall not accept funds from any prospective or existing investor where the funds are being transferred from an account with:

- (i) a foreign bank that does not have a physical presence in any country (e.g., shell banks, etc.);
- (ii) a bank using a post office box address; or
- (iii) a bank located in a country without anti-money-laundering laws or regulations.

<sup>5</sup> Countries that are presently members of the Financial Action Task Force on Money Laundering ("FATF Country") are: Argentina, Australia, Austria (unless the fund is organized in the Cayman Islands), Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, Kingdom of the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The list of FATF members can be found on the FATF website at [http://www.fatf-gafi.org/Members\\_en.htm](http://www.fatf-gafi.org/Members_en.htm).

H. **On-Going Monitoring and Reporting of Suspicious Activities.** All Firm employees must be alert to possible suspicious activity by an investor and should promptly report suspicious activities to the **Chief Compliance Officer**. The **Chief Compliance Officer**, in consultation with the **Managers** and/or the Firm's legal counsel, shall determine whether such activities should be reported to regulatory or law enforcement officials or whether other action should be taken. The Firm shall maintain all documentation, records and communications relating to each investor transaction in accordance with the Firm's Books and Records policy.

I. **Reporting.** The **Chief Compliance Officer** and the fund administrators shall be primarily responsible for ensuring that the Firm makes all filings related to money laundering and required by applicable law. The Bank Secrecy Act currently requires investment advisers to report on Form 8300 the receipt of cash totaling more than \$10,000 in one transaction or two or more related transactions. Such activity, commonly known as "structuring", may involve making deposits into a trading or investment account of \$10,000 or more with multiple money orders, travelers' checks, cashier's checks or other bank checks, each with a face amount of less than \$10,000. Such methods of payment may be indicative of money laundering, particularly when the payment instruments were obtained from different sources or the payments were made at different times on the same day, on consecutive days or otherwise close in time.

While not specifically required by this AML Policy or applicable law relating to anti-money laundering regulation, the Firm may implement procedures for voluntarily filing suspicious activity reports with the Financial Crimes Enforcement Network ("FinCEN") and for reporting suspected terrorist activities to FinCEN using its Financial Institutions Hotline (1-866-556-3974). In such event, the **Chief Compliance Officer** shall consult with the **Managers** and the Firm's legal counsel prior to making any such voluntary report.

**EXHIBIT A**

**SANDS BROTHERS ASSET MANAGEMENT, LLC**

**ACKNOWLEDGEMENT AND AGREEMENT TO ABIDE BY  
COMPLIANCE POLICIES AND PROCEDURES**

The undersigned employee, a agent or other person associated with SANDS BROTHERS ASSET MANAGEMENT, LLC, a New York limited liability company (the "Firm"), hereby acknowledges, certifies, represents, warrants, and agrees as follows:

1. The undersigned has received a copy of the Firm's Compliance Policies and Procedures Manual (the "**Manual**"), which includes, among other provisions:
  - a. the Firm's Privacy Policy;
  - b. the Firm's Code of Ethics;
  - c. the Firm's Personal Account Trading Policy;
  - d. The Firm's Policy to Detect and Prevent Violations of SEC Rule 10b5-1;
  - e. The Firm's Trading Practices/Brokerage Policies and Procedures;
  - f. The Firm's Whistleblower Policy; and
  - g. The Firm's Business Continuity Plan Disclosure Statement.
2. The undersigned has read and understands the information contained in the Manual, and is aware of all laws, rules and regulations applicable to the undersigned, and undertakes to continue to remain informed about all relevant compliance requirements.
3. The undersigned will abide by: (i) all rules, restrictions, policies and procedures described in the Manual (as amended from time to time); and (ii) all laws, rules and regulations applicable to the undersigned (as amended from time to time), whether in connection with the activities of the undersigned on behalf of the Firm or otherwise.
4. The undersigned understands that any violation of the Firm's compliance policies and procedures by the undersigned may lead to sanctions, including the termination of the undersigned's employment with the Firm or other dismissal.
5. The undersigned understands that the Firm has established a strong culture of compliance with the compliance policies and procedures of the Firm as set forth in the Manual and otherwise and with all applicable laws, rules and regulations and high ethical business standards, and the undersigned will contribute in a positive way to the Firm's strong culture of compliance.

In particular, the undersigned will:

(i) act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;

(ii) place the integrity of the investment profession and the interests of clients above the undersigned's own personal interests;

(iii) use reasonable care and exercise independent professional judgment when conducting investment analyses, making investment recommendations, taking investment actions, and engaging in other professional activities;

(iv) practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession;

(v) promote the integrity of, and uphold the rules governing, capital markets; and

(vi) maintain and improve the undersigned's professional competence and strive to maintain and improve the competence of other investment professionals.

6. The undersigned will report to a Manager and/or Chief Compliance Officer of the Firm all violations known to the undersigned of the Firm's compliance policies and procedures.

7. To the extent the undersigned has specific duties and responsibilities in the Manual, the undersigned will diligently carry out such duties and responsibilities.

Name: \_\_\_\_\_

Date \_\_\_\_\_

**EXHIBIT B**

**BOOKS AND RECORDS**

a. The following sets forth the requirements under the Advisers Act for retaining records.

1. **General Books and Records.** All books and records must be kept for a period of not less than five (5) years from the end of the applicable fiscal year. The records must be retained in an appropriate office of the Firm during the first two (2) years and be easily accessible for the remaining three (3) years.
2. **Advertising Records.** Advertising records must be maintained and preserved in an easily accessible place for a period of not less than five (5) years, the first two (2) years in an appropriate office of the Firm, from the end of the fiscal year during which the Firm last published or otherwise disseminated, directly or indirectly, the notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication.
3. **Performance Records.** Records supporting performance calculations used by the Firm must be kept for at least five (5) years after the date last used.
4. **Pending Legal Matters.** Notwithstanding the time frames established by the Advisers Act, the Firm may be required to maintain records for a longer period of time if there is a pending legal matter. If a pending legal matter arises, all records related to the matter must be maintained until the **Chief Compliance Officer** determines that the records are no longer needed or until the end of the scheduled retention period. A pending legal matter includes any existing, anticipating or threatened investigation or other legal action concerning the Firm, any Fund, or any supervised person acting in his or her capacity as such.

b. The **Executive Assistant** of the Firm shall make and keep true, accurate and current the following books and records relating to its investment advisory business:

1. A journal or journals, including cash receipts and disbursements, records, and any other records of original entry forming the basis of entries in any ledger.
2. General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts.
3. A memorandum of each order given by the Firm for the purchase or sale of any security, of any instruction received by the Firm concerning the purchase, sale, receipt or delivery of a particular security, and of any modification or cancellation of any such order or instruction. Such memoranda shall show the terms and conditions of the order, instruction, modification or cancellation; shall identify the person connected with the Firm who recommended the transaction to the client and the person who placed such order; and shall show the account for which



entered, the date of entry, and the bank, broker or dealer by or through whom executed where appropriate. Orders entered pursuant to the exercise of discretionary power shall be so designated.

4. All check books, bank statements, cancelled checks and cash reconciliations of the Firm.
5. All bills or statements (or copies thereof), paid or unpaid, relating to the business of the Firm as such.
6. All trial balances, financial statements, and internal audit working papers relating to the business of the Firm.
7. Originals of all written communications received and copies of all written communications sent by the Firm relating to (i) any recommendation made or proposed to be made and any advice given or proposed to be given, (ii) any receipt, disbursement or delivery of funds or securities, or (iii) the placing or execution of any order to purchase or sell any security (except such material as is not required to be retained pursuant to Rule 204-2(a)(7) adopted under the Advisers Act).
8. All accounts, books, internal working papers, and any other records or documents that are necessary to form the basis for or demonstrate the calculation of the performance or rate of return of any or all managed accounts or securities recommendations in any notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication that the Firm circulates or distributes, directly or indirectly, to ten or more persons (other than persons connected with the Firm); *provided, however,* that, with respect to the performance of managed accounts, the retention of all account statements, if they reflect all debits, credits, and other transactions in a client's account for the period of the statement, and all worksheets necessary to demonstrate the calculation of the performance or rate of return of all managed accounts shall be deemed to satisfy the requirements of this paragraph.
9. Records showing separately for each Firm client the securities purchased and sold, and the date, amount and price of each such purchase and sale. For each security in which any such client has a current position, information from which the Firm can promptly furnish the name of each such client, and the current amount or interest of such client.
10. A copy of each proxy statement that the Firm receives regarding client securities. The Firm may satisfy this requirement by relying on a third party to make and retain, on the Firm's behalf, a copy of a proxy statement (provided that the Firm has obtained an undertaking from the third party to provide a copy of the proxy statement promptly upon request) or may rely on obtaining a copy of a proxy statement from the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. A record of each vote cast by the Firm on behalf of a client. The Firm

may satisfy this requirement by relying on a third party to make and retain, on the Firm's behalf, a record of the vote cast (provided that the Firm has obtained an undertaking from the third party to provide a copy of the record promptly upon request). A copy of any document created by the Firm that was material to making a decision how to vote proxies on behalf of a client or that memorializes the basis for that decision. A copy of each written client request for information on how the Firm voted proxies on behalf of the client, and a copy of any written response by the Firm to any (written or oral) client request for information on how the Firm voted proxies on behalf of the requesting client.

c. The **Chief Compliance Officer** of the Firm shall make and keep true, accurate and current the following books and records relating to its investment advisory business and otherwise be responsible for the following:

1. A list or other record of all accounts in which the Firm is vested with any discretionary power with respect to the funds, securities or transactions of any client. *Fub*
2. All powers of attorney and other evidences of the granting of any discretionary authority by any client to the Firm, or copies thereof. *J. Kelly*
3. All written agreements (or copies thereof) entered into by the Firm with any client or otherwise relating to the business of the Firm as such. *J. Kelly*
4. A copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication that the Firm circulates or distributes, directly or indirectly, to ten or more persons (other than persons connected with the Firm), and if such notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication recommends the purchase or sale of a specific security and does not state the reasons for such recommendation, a memorandum of the Firm indicating the reasons herefore.
5.
  - i. A copy of the Firm's Code of Ethics adopted and implemented pursuant to Rule 204A-1 adopted under the Advisers Act that is in effect, or at any time within the past five years was in effect;
  - ii. A record of any violation of the Code of Ethics, and of any action taken as a result of the violation; and
  - iii. A record of all written acknowledgments as required by Rule 204A-1(a)(5) adopted under the Advisers Act for each person who is currently, or within the past five years was, a supervised person of the Firm. *Chris Kelly of J. Kelly*
6.
  - i. A record of each report made by an access person as required by Rule 204A-1(b) adopted under the Advisers Act, including any information provided under paragraph (b)(3)(iii) of that rule in lieu of such reports;

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Exhibit A-5

*They do trade by trade -  
This sheet is all rules are pre-approved -  
received a final approval report*

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- ii. A record of the names of persons who are currently, or within the past five years were, access persons of the Firm; and
- iii. A record of any decision, and the reasons supporting the decision, to approve the acquisition of securities by access persons under Rule 204A-1(c) adopted under the Advisers Act, for at least five years after the end of the fiscal year in which the approval is granted. *Approval on state fiscal report from form.*

7. All written acknowledgments of receipt obtained from clients pursuant to Rule 206(4)-3(a)(2)(iii)(B) adopted under the Advisers Act and copies of the disclosure documents delivered to clients by solicitors pursuant to Rule 206(4)-3 adopted under the Advisers Act. The disclosure documents delivered to clients by solicitors shall be checked for compliance with Rule 206(4)-3(b) adopted under the Advisers Act. *PPM, Privacy Policy, Form ADV Part 12. If not all in writing, signed Subsequent dates.*

*under PPMs - just consult.*

8. A copy of the Firm's policies and procedures formulated pursuant to Rule 206(4)-7(a) adopted under the Advisers Act that are in effect, or at any time within the past five years were in effect.

9. Any records documenting the Firm's annual review of those policies and procedures conducted pursuant to Rule 206(4)-7(b) adopted under the Advisers Act.

10. All corporate and organizational records relating to the Firm and its affiliates

11. ~~All other business records of the Firm not otherwise specified herein.~~

12. Before ceasing to conduct or discontinuing business as an investment adviser the Firm shall arrange for and be responsible for the preservation of the books and records required to be maintained and preserved under the Advisers Act for the remainder of the applicable periods, and shall notify the SEC in writing, at its principal office, Washington, D.C. 20549, of the exact address where such books and records will be maintained during such period.

c. The **Executive Assistant** of the Firm shall make and keep true, accurate and current the following books and records relating to its investment advisory business:

- 1. A copy of each 204-3 Statement, and each amendment or revision thereof, given or sent to any client or prospective client of the Firm in accordance with the provisions of Rule 204-3 adopted under the Advisers Act, and a record of the dates that each 204-3 Statement, and each amendment or revision thereof, was given, or offered to be given, to any client or prospective client who subsequently becomes a client.

d. The **Executive Assistant** of the Firm shall be responsible for e-mail retention. When storing e-mail communications, the Firm will arrange such communication in such a manner that permits easy and prompt location, access and retrieval. The Firm will establish

procedures to reasonably safeguard e-mail messages from loss, alteration, or destruction and limit access to these records to properly authorized individuals. The **Executive Assistant** will provide any of the following to the SEC or any other regulatory authority, upon request:

1. a legible, true, and complete copy of an e-mail in the medium and format in which it is stored;
2. a legible, true, and complete printout of the e-mail; and
3. means to access, view, and print the e-mail.

The Firm will archive all incoming and outgoing e-mail. Copies of e-mail will be stored in a centralized folder on the Firm's network.

All e-mails will be backed up at the end of each month. All such correspondence will be kept for a period of not less than five years.

*e. Micrographic and electronic storage permitted.*

1. *General.* The records required to be maintained and preserved hereunder may be maintained and preserved for the required time by the Firm on:

- i. Micrographic media, including microfilm, microfiche, or any similar medium; or
- ii. Electronic storage media, including any digital storage medium or system that meets the terms of the Advisers Act.

2. *General requirements.* The Firm, under the direction of the **Chief Compliance Officer**, must:

- i. Arrange and index the records in a way that permits easy location, access, and retrieval of any particular record;
- ii. Provide promptly any of the following that the SEC (by its examiners or other representatives) may request:
  - a. A legible, true, and complete copy of the record in the medium and format in which it is stored;
  - b. A legible, true, and complete printout of the record; and
  - c. Means to access, view, and print the records.

3. *Special requirements for electronic storage media.* In the case of records on electronic storage media, the Firm, under the direction of the **Executive Assistant**, must establish and maintain procedures:

- i. To maintain and preserve the records, so as to reasonably safeguard them from loss, alteration, or destruction;
- ii. To limit access to the records to properly authorized employees and the SEC (including its examiners and other representatives); and
- iii. To reasonably ensure that any reproduction of a non-electronic original record on electronic storage media is complete, true, and legible when retrieved.

**EXHIBIT C**

**DESIGNATION OF CHIEF COMPLIANCE OFFICER**

Name: Christopher Kelly  
Position: Chief Compliance Officer  
Date Appointed: 04/22/2008  
Office Location: 15 Valley Road, Greenwich, CT 06831

Sands Brothers Asset Management, LLC, a New York limited liability company (the "Firm"), hereby designates and appoints the above-named person (the "Appointee") as the Firm's Chief Compliance Officer, pursuant to SEC Rule 206(4)-7 adopted under the U.S. Investment Advisers Act of 1940, as amended ("Rule 206(4)-7"), such designation and appointment to be effective as of the date set forth above.

\_\_\_\_\_  
Name: Martin Sands  
Title: Portfolio Manager

The Appointee accepts his/her designation and appointment as Chief Compliance Officer of the Firm, and agrees to assume the obligations and duties of the Chief Compliance Officer as set forth in the Firm's Compliance Policies and Procedures Manual and Rule 206(4)-7, each as may be amended from time to time.

\_\_\_\_\_  
Name: Christopher Kelly

Exhibit C-1

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## EXHIBIT D

### SANDS BROTHERS ASSET MANAGEMENT, LLC

#### BUSINESS CONTINUITY PLAN DISCLOSURE STATEMENT

##### Overview

Sands Brothers Asset Management, LLC ("SBAM" or "the Firm") has created and implemented a business continuity plan ("BCP") in an effort to mitigate the effects related to unforeseen business interruptions. This BCP is designed to enable the Firm to continue or resume trading operations in the event of an emergency or significant business disruption ("SBD").

##### Communications and Locations of Employees During a Disruption

In the event of a SBD, SBAM will communicate with its employees in several different ways. The firm will employ principally a tiered calling tree, which would be implemented by management in the event of an SBD. The BCP also addresses the relocation of staff to an alternative back-up location in the Connecticut area, which would be immediately available with all of the equipment needed to run the Firm's order and transmission operations for an interim period of time. SBAM has identified mission critical applications necessary to the successful use of the alternate location and has made preparations to have them available in the event they are needed at the alternate location. Recovery time for most of the applications and relocation to the alternate location is expected to range from immediate to 24 hours.

##### Communications with Customers

SBAM is currently able to communicate with its customers using the telephone, email, fax, US Mail, and in person. In the event of an SBD, SBAM will assess which means of communication are still available and use the means closest in speed to the means used in the past. Additionally, if all traditional means of communication are not available, SBAM will post emergency contact information and instructions on its web site ([www.sandsbros.com](http://www.sandsbros.com)) regarding access to SBAM representatives in Connecticut. The emergency contact persons for the Administrator is Sue Daniels, SS&C Fund Services, located in Princeton, NJ, phone: (609) 693-7586, e-mail: [danielss@sscinc.com](mailto:danielss@sscinc.com).

##### Books & Records

SBAM maintains its hard copy books and records and electronic records primarily at its Main Office and back-up books and records at alternate locations. If records are lost as the result of a business disruption or for any other reason, SBAM has the means to physically recover data from both physical and electronic back-up locations.

##### Vendors and Counterparties

SBAM's BCP may need to rely upon the recovery and restoration of services provided by various critical business constituents and counterparties both at its primary and alternate locations. SBAM has considered the extent to which the Firm may be able to depend upon these business relationships during an SBD as part of its decision to do business with the vendor or counterparty. Where possible the Firm has engaged and/or vetted alternate arrangements in order to avoid business disruptions in the case of a business constituent not being able to provide needed goods or services in an emergency.

##### Disclosure

SBAM's BCP is designed to address the continued operation of the Firm in the event of one of many different emergency situations or SBDs which could occur. However, all risks of business interruption cannot be eliminated and SBAM cannot guarantee that systems will always be available or recoverable following an SBD. Furthermore, SBAM has no control over and must rely upon the disaster recovery plans of its various critical business constituents, vendors, clearing firms and counterparties. In the event that material changes are made to this BCP, SBAM will send an updated copy to all of its clients.

The information contained in this disclosure is provided by SBAM for informational purposes only, and nothing contained herein shall be construed to amend, supplement or otherwise modify any of the terms and conditions set forth in any customer agreement between you and SBAM.

**EXHIBIT E**

**SANDS BROTHERS ASSET MANAGEMENT, LLC**

**PRIVACY POLICY**

Sands Brothers Asset Management, LLC (the "Firm") recognizes how important it is for you to feel confident in the knowledge that your personal financial information is secure. It has always been our policy to safeguard any personal and financial information that you may have entrusted to us.

The Firm's privacy policy applies only to investors who are individuals (including Individual Retirement Accounts). We reserve the right to change the Firm's privacy policy, or any supporting or related policies or procedures at any time and agree to so notify you.

In the course of doing business with investors, the Firm is required to collect nonpublic personal information about investors. "Nonpublic personal information" is personally identifiable financial information about investors. For example, it includes the amount of your L.P. interest, representations about your assets and income and your investment and withdrawal history.

The Funds collect this information from the following sources:

- Information we receive from investors in subscription booklets
- Information about investor transactions with us and our service providers, or others.

What information the Firm discloses and to whom the Firm discloses information.

The Firm only discloses nonpublic personal information the Firm collects about investors as permitted by law. For example, the Firm may disclose nonpublic personal information about investors:

- To government entities, in response to subpoenas or to comply with laws or regulations (e.g. anti-money laundering and similar laws).
- Should you direct the Firm to do so or consent to the disclosure.
- To third parties that perform necessary services for the Firm, such as our external auditors, outside counsel, and service providers that process or service the Firm's transactions (including custodians, broker-dealers, and banks, including lenders that may be providing financing to a fund, if applicable).
- To protect against fraud.



**Information about former investors.**

If an investor withdraws from a fund managed by the Firm, we will adhere to the privacy policies and practices described in this notice.

**How the Funds safeguard information.**

Within the Firm, access to nonpublic personal information about investors is limited to our employees and in some cases to third parties (for example, the service providers described above) as permitted by law. The Firm and their service providers maintain physical, electronic and procedural safeguards to guard investors' nonpublic personal information.

Internet Privacy Considerations. If you are visiting our public web site [sandsbros.com], you will travel through our pages anonymously. We track only the fact that someone has entered the site and has visited certain pages. Any information collected will be used to revise a web page or develop a new product or add a service. Our public web site does not place "cookies" (pieces of information generated by a web server and stored in the user's computer ready for future access) on your PC if you are simply visiting our public web site.

Investors who choose to view their account information online will find that their personal financial information is secured by state of the industry technology, which as of this writing is data encryption, Secure Sockets Layer (SSL) protocol, and user names and passwords. These technologies provide a high level of security and privacy.

For investors using online access to their account, we will place one cookie on your PC to verify that the user at your PC has entered a valid login and password. No personal information (such as account number) is stored in a cookie. This cookie is valid for only one session and is discarded when you log off. It is replaced the next time you log in. We do not use cookies to pull data from your hard drive, to learn your e-mail address, or to view data in cookies created by other web sites. We will not share the information in our cookies or give others access to it, except to serve your investment needs.

You can visit our web site to read more details about its security and privacy features.

**If you have questions or comments about our privacy policy, please call Christopher Kelly, our Chief Compliance Officer, at 203-661-7500 for further information or explanation.**

**EXHIBIT F**

**PROXY VOTING PROCEDURES**

**Proxy Voting Policy.** The Firm believes that the voting of proxies is an important part of portfolio management for its clients as it provides the client the opportunity to be heard and influence the direction of a company. The Firm is committed to voting proxies in a manner consistent with the best interests of its clients. As a result, it is the general policy of the Firm to vote proxies of public and private operating companies in accordance with the following guidelines:

<u>Proxy Proposal Issue</u>	<u>Firm's Voting Policy</u>
Routine Election of Directors	For
Issuance of Authorized Common Stock	Case By Case
Stock Repurchase Plans	For
Reincorporation	Case By Case
Director Indemnification	For
Require Shareholder approval to issue Preferred Stock	For
Require Shareholder approval to issue Golden Parachutes	For
Require Shareholder approval of Poison Pill	For
Shareholders' Right to Call Special Meetings	For
Shareholders' Right to Act by Written Consent	For
Shareholder Ability to Remove Directors With or Without Cause	For
Shareholders Electing Directors to Fill Board Vacancies	For
Majority of Independent Directors	For
Board Committee Membership exclusively of Independent Directors	For
401(k) Savings Plans for Employees	For
Anti-greenmail Charter or By-laws Amendments	For
Corporate Name Change	For
Ratification of Auditors	For
Supermajority Vote Requirement	Against
Blank Check Preferred	Against
Dual Classes of Stock	Against
Staggered or Classified Boards	Against
Fair Price Requirements	Against
Limited Terms for Directors	Case by Case
Require Director Stock Ownership	Against
Reprice Management Options	Against
Adopt/Amend Stock Option Plan	Case by Case
Adopt/Amend Employee Stock Purchase Plan	Case by Case
Approve Merger/Acquisition	Case by Case
Spin-offs	Case by Case
Corporate Restructurings	Case by Case
Asset Sales	Case by Case
Liquidations	Case by Case
Adopt Poison Pill	Against

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Exhibit F-1

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Golden Parachutes	Against
Executive/Director Compensation	Case by Case
Social Issues	Case by Case
Contested Election of Directors	Case by Case
Stock Based Compensation for Directors	Case by Case
Increase authorized shares	Case by Case
Tender Offers	Case by Case
Preemptive Rights	Case by Case
Debt Restructuring	Case by Case

It is the policy of the Firm to vote proxies of Funds and other private investment funds on a case-by-case basis.

**Proxy Voting Procedures.** Unless agreed otherwise between the Firm and a client, the Firm will generally have the responsibility of voting proxies received by the Firm on behalf of its clients. Proxy proposals received by the Firm and designated above as "For" or "Against" will generally be voted by the Firm in accordance with the Proxy Voting Policy. Proxy proposals received by the Firm and designated above as "Case by Case" (or not addressed) will be reviewed by a **Manager** or the **Chief Compliance Officer**, and voted in his or her best judgment in consideration of the interests of the client. Notwithstanding the foregoing, the Firm may vote a proxy contrary to the proxy voting guidelines if a **Manager** or the **Chief Compliance Officer** in his or her best judgment determines that such action is in the interests of the client.

In addition, the Firm may choose not to vote proxies in certain situations or for certain clients, such as (i) where a client has informed the Firm that it wishes to retain the right to vote the proxy, (ii) where the Firm deems the cost of voting would exceed any anticipated benefit to the client, (iii) where the proxy is received for a client account that has been terminated, or (iv) where a proxy is received by the Firm for a security it no longer manages on behalf of a client.

The **Managers** will have the responsibility of ensuring that the Firm complies with the Proxy Voting Policy.

#### **Conflicts of Interest**

The Firm may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships it maintains with persons having an interest in the outcome of certain votes. The Firm, its affiliates and/or its employees may also occasionally have business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships.

If at anytime, a **Manager** or the **Chief Compliance Officer** becomes aware of potential or actual conflict of interest relating to a particular proxy proposal, such **Manager** and/or the **Chief Compliance Officer** cause the Firm to handle the proposal as follows:

1. If the proposal is designated in this Proxy Voting Policy as "For" or "Against," and the Firm determines to vote on the proposal in accordance therewith, the Firm will so vote; but if the Firm determines to vote

otherwise, the **Chief Compliance Officer** will cause the client to be notified of such conflict and will cause the proxy to be voted in accordance with the client's instructions; or

2. If the proposal is designated in this Proxy Voting Policy as "Case by Case" (or not addressed), the **Chief Compliance Officer** will cause the client to be notified of such conflict and will cause the proxy to be voted in accordance with the client's instructions. In the case of Funds, the proposal will be thoroughly reviewed by the Firm and voted in the best interests of the Fund or, in the discretion of the Firm, will not be voted by the Firm.

**Proxy Voting Records.** In accordance with Rule 204-2 adopted under the Advisers Act, the Firm will maintain the following records in connection with the Firm's Proxy Voting Policy and procedures:

1. a copy of the Proxy Voting Policy;
3. a record of each vote the Firm casts on behalf of a client (which recordkeeping may be fulfilled by third parties undertaking to provide the voting information to the Firm);
4. records of client requests for proxy voting information, including a copy of each written client request for information on how the Firm voted proxies on behalf of the requesting client, and a copy of any written response by the Firm to any (written or oral) client request for information on how the Firm voted proxies on behalf of the requesting client; and
5. any documentation created by the Firm that was material to making a decision on how to vote, or that memorialized the basis for the voting decision.

The foregoing records will be maintained and preserved for a period of two years from the end of the fiscal year during which the last entry was made on such record. Thereafter, the records will be maintained and preserved, in an easily accessible place, for an additional three years.

**Disclosure to Clients.** A description of the Proxy Voting Policy will be provided to a client at the inception of the Firm-client relationship, as well as upon the written request of a client to the Firm. In addition, information regarding how a client's proxies were voted by the Firm will be provided to a client upon written request to the Firm.

**EXHIBIT G**

**SANDS BROTHERS ASSET MANAGEMENT, LLC**

**PERSONAL SECURITIES TRADING PRE-APPROVAL REQUEST AND  
AUTHORIZATION FORM**

No employee of SANDS BROTHERS ASSET MANAGEMENT, LLC (the "Firm") may execute a securities transaction (other than through investing in securities that are: direct obligations of the federal government of the United States; bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment companies and ETFs) without receiving the pre-approval of the Firm's **Chief Compliance Officer**. This form must be submitted prior to executing any such transaction.

IRRESPECTIVE OF APPROVAL BY THE **CHIEF COMPLIANCE OFFICER**, NO EMPLOYEE MAY VIOLATE RULE 10b5-1 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED ("RULE 10b5-1") (I.E., EXECUTE ANY TRANSACTION IN ANY SECURITY ON THE BASIS OF MATERIAL NON-PUBLIC INFORMATION IN BREACH OF A DUTY OF TRUST OR CONFIDENCE THAT IS OWED DIRECTLY, OR DERIVATIVELY, TO THE ISSUER OF THE SECURITY OR THE SHAREHOLDERS OF THAT ISSUER, OR TO ANY OTHER PERSON WHO IS THE SOURCE OF THE MATERIAL NONPUBLIC INFORMATION).

Whether or not a Firm employee is in compliance with Rule 10b5-1, no employee may "trade ahead" of a Firm client or execute any transaction which might in any respect disadvantage a Firm client account or result in an employee in any respect profiting from a transaction executed, or positions held, for a Firm client.

1. Name of employee: \_\_\_\_\_ Date: \_\_\_\_\_

2. Title and symbol of security: \_\_\_\_\_

If an option, name and underlying security: \_\_\_\_\_

3. Stock exchange or Nasdaq listed: \_\_\_\_ Yes \_\_\_\_ No

4. Purchase \_\_\_\_ or sale \_\_\_\_

Approximate amount of purchase or sale: \$ \_\_\_\_\_

Approximate number of shares: \_\_\_\_\_

Market order \_\_\_\_\_ or limit order (limited to date hereof) \_\_\_\_\_

6. Account in which transaction is to occur: Broker: \_\_\_\_\_

Account # \_\_\_\_\_

7. Employee acknowledges and agrees that employee may be prohibited from liquidating a particular position due to Rule 10b5-1 considerations or transactions entered into by the Firm for a client account. Employee recognizes that he or she may suffer substantial losses as a result of such a "trading freeze" and agrees that the Firm shall have no responsibility whatsoever therefore.

\_\_\_\_\_  
Employee Signature

Approved \_\_\_\_\_ Date \_\_\_\_\_  
Chief Compliance Officer

Approval of a trade does not mean that the Firm in any respect recommends or endorses such transaction.

Unless otherwise provided herein, the proposed trade is approved on the basis of no violation of Rule 10b5-1.

THIS APPROVAL IS ONLY VALID WITH RESPECT TO THE DATE HEREOF. FURTHERMORE, THIS APPROVAL IS NOT VALID SHOULD ANY OF THE INFORMATION LISTED ABOVE CHANGE OR ANY 10b5-1 CONSIDERATIONS ARISE.

**EXHIBIT H**

**QUARTERLY PERSONAL SECURITIES TRANSACTION REPORT**

To: Chief Compliance Officer of SANDS BROTHERS ASSET MANAGEMENT, LLC (the "Firm").

From: \_\_\_\_\_  
(Name of Associate)

**Re: Report of Personal Securities Transactions pursuant to Rule 204-2(a)(12) of the Investment Advisers Act of 1940, as amended.**

The undersigned has reviewed and understands the Firm's policies and procedures regarding personal securities transactions.

Other than in personal trading accounts for which the Firm receives duplicate trade confirmations and monthly account statements and for which I have received pre-written approval, during the preceding calendar quarter, I have not purchased or sold any securities in my personal brokerage account or in any account in which I have a direct or indirect beneficial interest. Beneficial interest is understood to mean securities transactions in the accounts of my spouse, minor children, or other family members residing in my household.

During the above period, I have not opened any personal securities brokerage account that I have not disclosed to the Firm.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Report reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_

**SANDS BROTHERS ASSET MANAGEMENT LLC**

**ANNUAL**  
**ACKNOWLEDGEMENT AND AGREEMENT TO ABIDE BY**  
**COMPLIANCE POLICIES AND PROCEDURES**

The undersigned employee, agent or other person associated with SANDS BROTHERS ASSET MANAGEMENT LLC, a New York limited liability company (the "Firm"), hereby acknowledges, certifies, represents, warrants, and agrees as follows:

1. The undersigned has received a copy of the Firm's Compliance Policies and Procedures Manual (the "Manual"), which includes, among other provisions:
  - a. the Firm's Privacy Policy;
  - b. the Firm's Code of Ethics;
  - c. the Firm's Personal Account Trading Policy;
  - d. The Firm's Policy to Detect and Prevent Violations of SEC Rule 10b5-1;
  - e. The Firm's Trading Practices/Brokerage Policies and Procedures;
  - f. The Firm's Whistleblower Policy; and
  - g. The Firm's Business Continuity Plan Disclosure Statement.
2. The undersigned has read and understands the information contained in the Manual, and is aware of all laws, rules and regulations applicable to the undersigned, and undertakes to continue to remain informed about all relevant compliance requirements.
3. The undersigned has since the date of employment of the undersigned, and will continue to, abide by: (i) all rules, restrictions, policies and procedures described in the Manual (as amended from time to time); and (ii) all laws, rules and regulations applicable to the undersigned (as amended from time to time), whether in connection with the activities of the undersigned on behalf of the Firm or otherwise.
4. In particular, the undersigned has not since the date of employment accepted any benefit from a client or person who does business with the Firm, other than business courtesies and non-cash gifts of nominal value (i.e., de minimis gifts, which are usually defined as having a value under \$100.00).
5. The undersigned understands that any violation of the Firm's compliance policies and procedures by the undersigned may lead to sanctions, including the termination of the undersigned's employment with the Firm or other dismissal.

SB 000029



6. The undersigned understands that the Firm has established a strong culture of compliance with the compliance policies and procedures of the Firm as set forth in the Manual and otherwise and with all applicable laws, rules and regulations and high ethical business standards, and the undersigned has since the date of employment of the undersigned, and will continue to, contribute in a positive way to the Firm's strong culture of compliance.

In particular, the undersigned will:

(i) act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;

(ii) place the integrity of the investment profession and the interests of clients above the undersigned's own personal interests;

(iii) use reasonable care and exercise independent professional judgment when conducting investment analyses, making investment recommendations, taking investment actions, and engaging in other professional activities;

(iv) practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession;

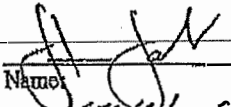
(v) promote the integrity of, and uphold the rules governing, capital markets; and

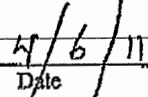
(vi) maintain and improve the undersigned's professional competence and strive to maintain and improve the competence of other investment professionals.

7. The undersigned has since the date of employment of the undersigned reported, and will continue to report, to the Managers and/or Chief Compliance Officer of the Firm, all violations known to the undersigned of the Firm's compliance policies and procedures.

8. To the extent the undersigned has specific duties and responsibilities in the Manual, the undersigned has, since the date such duties and responsibilities were provided for, diligently carried out, and will continue to diligently carry out, such duties and responsibilities.

9. I confirm attendance at the Annual Compliance and Training Meeting held in the offices of the Firm on April \_\_, 2011.

  
Name: STEVEN SANDS

  
Date: 4/6/11

**SANDS BROTHERS ASSET MANAGEMENT LLC**

**ANNUAL**  
**ACKNOWLEDGEMENT AND AGREEMENT TO ABIDE BY**  
**COMPLIANCE POLICIES AND PROCEDURES**

The undersigned employee, agent or other person associated with SANDS BROTHERS ASSET MANAGEMENT LLC, a New York limited liability company (the "Firm"), hereby acknowledges, certifies, represents, warrants, and agrees as follows:

1. The undersigned has received a copy of the Firm's Compliance Policies and Procedures Manual (the "Manual"), which includes, among other provisions:
  - a. the Firm's Privacy Policy;
  - b. the Firm's Code of Ethics;
  - c. the Firm's Personal Account Trading Policy;
  - d. The Firm's Policy to Detect and Prevent Violations of SEC Rule 10b5-1;
  - e. The Firm's Trading Practices/Brokerage Policies and Procedures;
  - f. The Firm's Whistleblower Policy; and
  - g. The Firm's Business Continuity Plan Disclosure Statement.
2. The undersigned has read and understands the information contained in the Manual, and is aware of all laws, rules and regulations applicable to the undersigned, and undertakes to continue to remain informed about all relevant compliance requirements.
3. The undersigned has since the date of employment of the undersigned, and will continue to, abide by: (i) all rules, restrictions, policies and procedures described in the Manual (as amended from time to time); and (ii) all laws, rules and regulations applicable to the undersigned (as amended from time to time), whether in connection with the activities of the undersigned on behalf of the Firm or otherwise.
4. In particular, the undersigned has not since the date of employment accepted any benefit from a client or person who does business with the Firm, other than business courtesies and non-cash gifts of nominal value (i.e., de minimis gifts, which are usually defined as having a value under \$100.00).
5. The undersigned understands that any violation of the Firm's compliance policies and procedures by the undersigned may lead to sanctions, including the termination of the undersigned's employment with the Firm or other dismissal.

SB 000027

SEC-NY8127-00002242

6. The undersigned understands that the Firm has established a strong culture of compliance with the compliance policies and procedures of the Firm as set forth in the Manual and otherwise and with all applicable laws, rules and regulations and high ethical business standards, and the undersigned has since the date of employment of the undersigned, and will continue to, contribute in a positive way to the Firm's strong culture of compliance.

In particular, the undersigned will:

(i) act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;

(ii) place the integrity of the investment profession and the interests of clients above the undersigned's own personal interests;

(iii) use reasonable care and exercise independent professional judgment when conducting investment analyses, making investment recommendations, taking investment actions, and engaging in other professional activities;

(iv) practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession;

(v) promote the integrity of, and uphold the rules governing, capital markets; and

(vi) maintain and improve the undersigned's professional competence and strive to maintain and improve the competence of other investment professionals.

7. The undersigned has since the date of employment of the undersigned reported, and will continue to report, to the Managers and/or Chief Compliance Officer of the Firm, all violations known to the undersigned of the Firm's compliance policies and procedures.

8. To the extent the undersigned has specific duties and responsibilities in the Manual, the undersigned has, since the date such duties and responsibilities were provided for, diligently carried out, and will continue to diligently carry out, such duties and responsibilities.

9. I confirm attendance at the Annual Compliance and Training Meeting held in the offices of the Firm on April 6, 2011.

Name: 

Date: 4/6/11

**SANDS BROTHERS ASSET MANAGEMENT LLC**

**ANNUAL**  
**ACKNOWLEDGEMENT AND AGREEMENT TO ABIDE BY**  
**COMPLIANCE POLICIES AND PROCEDURES**

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  - b. the Firm's Code of Ethics;
  - c. the Firm's Personal Account Trading Policy;
  - d. The Firm's Policy to Detect and Prevent Violations of SEC Rule 10b5-1;
  - e. The Firm's Trading Practices/Brokerage Policies and Procedures;
  - f. The Firm's Whistleblower Policy; and
  - g. The Firm's Business Continuity Plan Disclosure Statement.
2. The undersigned has read and understands the information contained in the Manual, and is aware of all laws, rules and regulations applicable to the undersigned, and undertakes to continue to remain informed about all relevant compliance requirements.
3. The undersigned has since the date of employment of the undersigned, and will continue to, abide by: (i) all rules, restrictions, policies and procedures described in the Manual (as amended from time to time); and (ii) all laws, rules and regulations applicable to the undersigned (as amended from time to time), whether in connection with the activities of the undersigned on behalf of the Firm or otherwise.
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5. The undersigned understands that any violation of the Firm's compliance policies and procedures by the undersigned may lead to sanctions, including the termination of the undersigned's employment with the Firm or other dismissal.

SB 000021

---

**From:** John Lanser III [REDACTED]  
**Sent:** Thursday, April 21, 2011 9:06 AM  
**To:** David LaRocca  
**Subject:** Give us a call

Hi David,

Please give Marty and Chris a call.

Thanks,

John L. Lanser III  
Chief Operating Officer  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831  
[REDACTED]  
[REDACTED]  
[REDACTED]

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---

**From:** Rosalyn Warg [REDACTED]  
**Sent:** Thursday, April 21, 2011 10:16 AM  
**To:** David LaRocca  
**Subject:** Please call Marty Sands @ 203 661-7500. Thank you.  
  
**Importance:** High

***Rosalyn Warg***  
Executive Assistant  
Sands Brothers Asset Management  
15 Valley Drive  
Greenwich, CT 06831  
[REDACTED]  
[REDACTED]  
[REDACTED]

---

~~This email and attachments are being communicated on a confidential basis solely for the purpose of remitting information about Sands Brothers Asset Management, LLC ("Sands Brothers"). This email and attachments are not and should not be construed as an offer with respect to any fund managed by Sands Brothers (a "Fund"). Any investment in a Fund will be accepted solely on the basis of the Confidential Offering Memorandum (the "OM"). This email and attachments in whole or in part will not form the basis of and should not be relied upon in connection with any subsequent investment in a Fund when established or offered. To the extent that statements made in this email and attachments summarize provisions of the OM, they are qualified in their entirety by the terms of such OM. A copy of the OM must be reviewed prior to making a decision to invest in a Fund. An investment in a Fund may result in loss to an investor.~~

---

~~Alternative investments such as the Funds are subject to less regulation than other types of pooled investment vehicles, may be illiquid and can involve the use of leverage, making them substantially riskier than other investments. Any investor who subscribes, or proposes to subscribe, for an investment in a Fund must: (1) be able to bear the risks involved and (2) must meet the Fund's suitability requirements. Investments in a Fund may not be suitable for certain investors. No assurance can be given that the Fund's investment objectives will be achieved. Any decision to invest in a Fund should be made after reviewing the OM, conducting such investigations as the investor deems necessary and consulting the investor's own investment, legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of an investment in a Fund.~~

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---

**From:** Christopher Kelly [REDACTED]  
**Sent:** Thursday, April 21, 2011 2:23 PM  
**To:** David LaRocca  
**Subject:** RE: Updated loan receivable confirmation.

Call me

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831  
[REDACTED]  
[REDACTED]  
[REDACTED]

---

**From:** David LaRocca [REDACTED]  
**Sent:** Thursday, April 21, 2011 10:53 AM  
**To:** Christopher Kelly  
**Subject:** Updated loan receivable confirmation.

Chris,

Here is the updated loan receivable confirmation per our discussion. Please discuss with Marty and let me know if the wording is accurate.

Thanks.

David.

David P. LaRocca, CPA


---

**Cornick Garber Sandler**

Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

---

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**Circular 230 Disclosure:**

Pursuant to U.S. Treasury Department Regulations, we advise you that, unless otherwise expressly indicated, any tax advice contained in this communication, including attachments and enclosures, is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.



---

**From:** Christopher Kelly <ckelly@sandsbros.com>  
**Sent:** Monday, April 25, 2011 4:38 PM  
**To:** David LaRocca  
**Subject:** RE: Loan receivable confirmation.

Call me

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831  
(203) 661 - 7500 Tel  
(203) 661 - 6500 Fax  
[ckelly@sandsbros.com](mailto:ckelly@sandsbros.com)

---

**From:** David LaRocca [<mailto:dlarocca@cgscpa.com>]  
**Sent:** Monday, April 25, 2011 4:03 PM  
**To:** Christopher Kelly  
**Subject:** Loan receivable confirmation.

Chris,

Just wanted to know if any progress was made on the loan receivable confirmation with Marty?

Thanks.

David.

David P. LaRocca, CPA

---


**Cornick Garber Sandler**

Certified Public Accountants & Advisors

---

825 Third Avenue, New  
York, NY 10022  
212.557.3900  
646.747.4914 direct  
212.557.3936 fax  
[dlarocca@cgscpa.com](mailto:dlarocca@cgscpa.com)

---

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---

**From:** Christopher Kelly <ckelly@sandsbros.com>  
**Sent:** Friday, April 29, 2011 12:24 PM  
**To:** Sal Vicari  
**Subject:** Call me to discuss O2HR

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831

[REDACTED]  
[REDACTED]  
[REDACTED]

---

**From:** Christopher Kelly <ckelly@sandsbros.com>  
**Sent:** Monday, May 16, 2011 1:09 PM  
**To:** Sal Vicari  
**Subject:** RE: Appraisal of Smith Mountain Dock & Lodge - Genesis and Sands Brothers Venture - O2HR

But those contract requests related to potential business, not current business, so there are no signed contracts yet.

Let's discuss w Marty further.

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831

---

**From:** Sal Vicari [mailto:svicari@cgscpa.com]  
**Sent:** Monday, May 16, 2011 12:36 PM  
**To:** Christopher Kelly  
**Cc:** David LaRocca  
**Subject:** RE: Appraisal of Smith Mountain Dock & Lodge - Genesis and Sands Brothers Venture - O2HR

Hi Chris,

We had selected three of the customers from the Arx projection to view their contracts.

1. Con Mobile
2. NRSC
3. NRCC-TMA

Thanks,

Sal

---

**From:** Christopher Kelly [mailto:ckelly@sandsbros.com]  
**Sent:** Monday, May 16, 2011 12:03 PM  
**To:** Sal Vicari  
**Cc:** David LaRocca  
**Subject:** FW: Appraisal of Smith Mountain Dock & Lodge - Genesis and Sands Brothers Venture - O2HR

Sal

Attached is the reappraisal of the Smith Mountain Lake property, without taking into account the value of the drainage parcel, which serves as collateral for the Genesis and Sands Brothers Venture loans.

On pdf page 66 you will see the estimated value of the drainage parcel, at \$1,440,000, based on the difference between the original Smith Mountain Lake appraisal, and the current appraisal attached.

This should provide sufficient value for the O2HR loans to Genesis and Sands Brothers Venture.

The reappraisal of the Legacy golf course will also be provided shortly.

Do you need anything else for Arx?

Regards

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831

---

**From:** Jackie Moore [REDACTED]  
**Sent:** Friday, May 13, 2011 10:43 AM  
**To:** Christopher Kelly  
**Subject:** Appraisal of Smith Mountain Dock & Lodge

Attached is a PDF copy of the appraisal report of Smith Mountain Dock & Lodge and the invoice. If you have any problems or questions, please give us a call.

---

Jackie Moore  
Miller, Long & Associates, Inc.  
435 McClanahan Street, SW  
Roanoke, VA 24014

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---

**From:** Christopher Kelly [REDACTED]  
**Sent:** Monday, May 16, 2011 4:51 PM  
**To:** David LaRocca  
**Subject:** RE: Update legal -

Call me

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831

[REDACTED]  
[REDACTED]  
[REDACTED]

---

**From:** David LaRocca [REDACTED]  
**Sent:** Monday, May 16, 2011 4:50 PM  
**To:** Christopher Kelly  
**Subject:** RE: Update legal -

Chris,


Tab one lists the ten attorney's that need to be updated. The update can come in the form of an updated letter, or a verbal conversation with them if they are comfortable giving it over the phone stating whatever change, if any, or stating that nothing has changed in the interim between the time of the last update and now. So it covers both the 2010 year and 2011 through the date of the update.

David P. LaRocca, CPA

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

 Think before printing this email – you could save a tree!

---

**From:** Christopher Kelly [REDACTED]  
**Sent:** Monday, May 16, 2011 4:45 PM  
**To:** David LaRocca  
**Subject:** RE: Update legal -

---

Please send a list of only attorneys who must update. What update do the attorneys give? Confirm 2010? Speak of 2011?

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831

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**From:** David LaRocca [REDACTED]  
**Sent:** Monday, May 16, 2011 4:37 PM  
**To:** Christopher Kelly; John Lanser III  
**Cc:** Sal Vicari; Lee Tu; Michael Hauser  
**Subject:** Update legal -

Chris, John

I have attached to this a list of Attorney confirmations that need to be updated to coincide with end of the month (May) finalization of the audits for the ten funds. Please let me know if there are any questions. It is not necessary for each attorney to write a new letter if they are comfortable just calling my contact information below and verbally updating the information on the previous letter provided.

Thanks

---

David.

David P. LaRocca, CPA


**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

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825 Third Avenue, New  
York, NY 10022

[REDACTED]  
[REDACTED]  
[REDACTED]  
[dlarocca@cgscpa.com](mailto:dlarocca@cgscpa.com)

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**From:** Rosalyn Warg <rwarg@sandsbros.com>  
**Sent:** Monday, May 16, 2011 1:35 PM  
**To:** David LaRocca  
**Subject:** Please call Marty Sands @ 203 661-7500. Thanks.  
  
**Importance:** High

**Rosalyn Warg**  
Executive Assistant  
Sands Brothers Asset Management  
15 Valley Drive

[REDACTED]  
[REDACTED]  
[REDACTED] [REDACTED]  
[REDACTED]

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**From:** Rosalyn Warg [REDACTED]  
**Sent:** Thursday, May 19, 2011 4:06 PM  
**To:** David LaRocca; Sal Vicari  
**Subject:** Gourmet Express  
**Attachments:** April Income Bal Sheet.xlsx; 1210 GAAP Financials with Audit Adj.xlsx; Income Statement.xlsx

David & Sal,

On behalf of Marty Sands, I am sending the attached documents

***Rosalyn Warg***  
Executive Assistant  
Sands Brothers Asset Management  
15 Valley Drive  
Greenwich, CT 06831  
Phone: 203 661-7500  
Fax: 203 661-6500  
[rwarg@sandsbros.com](mailto:rwarg@sandsbros.com)

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**From:** Sal Vicari  
**Sent:** Wednesday, June 22, 2011 6:42 PM  
**To:** 'Bradley Jackson'  
**Cc:** [REDACTED]  
**Subject:** FW: Gourmet - additional requests

Hi Brad,

See my comments on the requested items. Please also provide all information in excel format where possible.

Thanks,

Sal

---

**From:** Sal Vicari  
**Sent:** Thursday, June 16, 2011 8:00 PM  
**To:** [REDACTED]  
**Cc:** David LaRocca  
**Subject:** Gourmet - additional requests

Hi Marty

I have done a preliminary review of the documents you have sent. We would like to request additional documents so we can discuss and agree on the procedures to be performed related to the Gourmet deal.

Please let me know if the following information is available:

1. Detail accounts receivable aging at December 31, 2010 and May 31, 2011. received
2. Detail accounts payable aging at December 31, 2010 and May 31, 2011. Received in pdf format, please provide in excel format
3. Check disbursements report for the period June 1, 2010 to June 15, 2011. open
4. Fixed Asset detail reports at December 31, 2010 and May 31, 2011. open
5. Detail working papers for the Accrued Expenses at December 31, 2010 and May 31, 2011. open
6. Detail working papers for the prepaid expenses at December 31, 2010 and May 31, 2011. open
7. Bank statements for the last 12 months. open
8. Inventory detail report at December 31, 2010 and May 31, 2011. Received in pdf format, please provide in excel format
9. Capital lease obligation details at December 31, 2010. open
10. Analysis of the customer concentration and a sales summary report by customer. open

The above list can be expanded or reduced based on our discussions as to the procedures to be performed.

I will be in the office tomorrow. Please let me know when you are available to discuss.  
I have a meeting in the morning and will be available after 11am.

Thanks,

Sal

Salvatore Vicari, CPA


**Cornick Garber Sandler**

Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022



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**From:** Douglas J. Bisio <[REDACTED]>  
**Sent:** Thursday, March 15, 2012 2:54 PM  
**To:** Salvatore Vicari; Christopher Kelly  
**Cc:** John Lanser III  
**Subject:** Gourmet Express Valuation

Sal - Marty has asked that we have a conference call regarding the above. Please let me know your availability today or tomorrow.

Thank you,

Doug

Douglas J. Bisio  
President  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831

(203 [REDACTED])  
[REDACTED]  
[REDACTED]  
[REDACTED]

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**From:** David LaRocca  
**Sent:** Monday, May 14, 2012 9:24 AM  
**To:** Salvatore Vicari  
**Subject:** Sands Update Phone Call

Sal,

Hope you had a good trip,

When you are in and settled, John called me on Friday afternoon and said that Steven Marty Gavin etc. wanted to have a call today to catch up and perhaps give us an update to see where we stand.

David.

David P. LaRocca, CPA


**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

---

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York, NY 10022



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**From:** Jeff Umansky [REDACTED]  
**Sent:** Tuesday, June 05, 2012 2:35 PM  
**To:** Salvatore Vicari; David LaRocca  
**Subject:** Conference call re: Sands Bros. Audit

David and Sal,

Hope all is well. Chris Kelly asked that I reach out to you gentlemen and firm up a time to speak with him and Steven Sands. Both Chris and Steven suggested 10am tomorrow morning. Please confirm that this works for you and if not, some other times when you are available.

Thanks,

Jeffrey Umansky  
Sands Brothers Asset Management, LLC  
[REDACTED]

---

601 Lexington Avenue, 51st Floor  
New York, NY 10022

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**From:** David LaRocca  
**Sent:** Thursday, June 07, 2012 10:57 AM  
**To:** Gavin Watson  
**Cc:** Salvatore Vicari  
**Subject:** Memorandum

Gavin,

I wanted to follow up with you on the outstanding responses to the Memo sent last month regarding the fluctuation of certain private investment values in the Venture funds. I also thought it would be beneficial if you, myself Sal and Steven could sit down and go over the memo and the responses in person. Could we set up a meeting for an hour sometime either tomorrow or early next week? Please let me know what you think.

Thanks.

David.

David P. LaRocca, CPA


---

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022

[REDACTED]  
[REDACTED]  
212.557.3936 fax  
[REDACTED]

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**From:** Gavin Watson [REDACTED]  
**Sent:** Tuesday, June 12, 2012 10:00 AM  
**To:** David LaRocca  
**Cc:** Salvatore Vicari  
**Subject:** RE: Memo

I am around. Steven should be as well. Steven is out until tomorrow but I will nail down his schedule when I speak with him.

Do you want to have a preliminary call with me today to discuss?

---

Gavin Watson  
Sands Brothers Asset Management, LLC

[REDACTED]  
[REDACTED]  
[REDACTED]

---

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**From:** David LaRocca [REDACTED]  
**Sent:** Tuesday, June 12, 2012 9:58 AM  
**To:** Gavin Watson  
**Cc:** Salvatore Vicari  
**Subject:** Memo

Gavin,

Do you think we can set up a meeting for maybe half an hour Thursday afternoon with yourself, Steven, Sal and I to discuss the memo. Anytime Thursday afternoon will work. If that time doesn't work, could you let me know what time both of you will be available so I can work it out on our end.

Thanks.

David.

David P. LaRocca, CPA


**Cornick Garber Sandler**

Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022

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[REDACTED]  
[REDACTED]  
[REDACTED]  
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**From:** John Lanser III [REDACTED]  
**Sent:** Friday, July 13, 2012 10:11 AM  
**To:** David LaRocca; Salvatore Vicari  
**Cc:** Christopher Kelly; Douglas J. Bisio  
**Subject:** Trinity Call

David/Sal,

Steven Sands and Chris Kelly would like to have a call regarding Trinity at 1030. Please give me a call to coordinate.

Thanks,

John L. Lanser III  
Chief Operating Officer  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831  
[REDACTED]

[REDACTED]

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**From:** David LaRocca  
**Sent:** Wednesday, August 22, 2012 4:30 PM  
**To:** 'John Lanser III'

John,

I wanted to know if you have Marty's cellphone number. I called before to see if Marty had come in today and was told he might not be in till Friday. Since Sal and I really want to discuss the Subpoena with him, perhaps the two of us calling him on his cellphone might be a better option.

Thanks.

David.

David P. LaRocca, CPA


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York, NY 10022



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**From:** Jeff Umansky [REDACTED]  
**Sent:** Monday, October 15, 2012 10:02 AM  
**To:** Salvatore Vicari  
**Subject:** Call w/ Steven Sands

Sal,

Steven proposed catching up on Progressive at 12pm today. Does that work for you?

Jeffrey Umansky  
Sands Brothers Asset Management, LLC

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

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**From:** Salvatore Vicari  
**Sent:** Monday, October 15, 2012 3:17 PM  
**To:** [REDACTED]  
**Cc:** David LaRocca  
**Subject:** RE: Progressive

Steven-

I also want to discuss the value of Progressive.....

Since there was a subsequent write-down in March 2012, it makes more sense that the value should not be greater than the current value at March 2012.

The write-up was approximately \$500k in December 2011 with a subsequent write-down.

We can discuss further on the call.

Thanks again,  
Sal

---

**From:** Salvatore Vicari  
**Sent:** Monday, October 15, 2012 3:04 PM  
**To:** [REDACTED]  
**Cc:** David LaRocca  
**Subject:** Progressive

Hi Steven-

David and I tried to call you back regarding Progressive.

We wanted to have a follow-up to our previous discussion.

A few comments:

1. How do we confirm that there are no other lien holders and that GMP has a first on the 22 policies.
2. Confirm the premiums are paid by Absolute and CMS.

Can we also inquire with the attorney to send us a memo on the Progressive case.....it is a bit complicated with GMP now as an equity holder and the various other equity holders.


Thanks,  
Sal

---

Salvatore Vicari, CPA



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**From:** Salvatore Vicari  
**Sent:** Monday, April 29, 2013 6:02 PM  
**To:** 'Steven B. Sands'  
**Subject:** RE: Please call me

Hi Steven-

I am not in the office today and I will be back tomorrow.....are you available for a call tomorrow morning?

Sal

---

**From:** Steven B. Sands [REDACTED]  
**Sent:** Monday, April 29, 2013 5:44 PM  
**To:** Salvatore Vicari  
**Subject:** Please call me

Sal,

---

Please give me a call when you have a minute.

Thanks,  
Steven

---

**From:** David LaRocca  
**Sent:** Wednesday, May 08, 2013 2:45 PM  
**To:** 'Gavin Watson'; Salvatore Vicari  
**Cc:** Steven Sands; Jeff Umansky; John Lanser; Douglas Bisio; Christopher Kelly  
**Subject:** RE: Valuation Updates

Gavin,

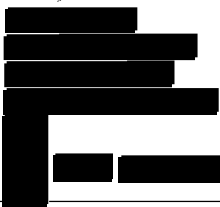
I know that we discussed Optmed earlier in the day, however I wanted to reply to this email keeping everyone in the loop that the Optmed valuation is still a work in progress.

David.

David P. LaRocca, CPA

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

825 Third Avenue, New  
York, NY 10022



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**From:** Gavin Watson [REDACTED]  
**Sent:** 05/06/2013 4:06 PM  
**To:** Salvatore Vicari; David LaRocca  
**Cc:** Steven Sands; Jeff Umansky; John Lanser; Douglas Bisio; Christopher Kelly  
**Subject:** Valuation Updates

Team -

The following is a summary of what has been recently uploaded to or edited in the DropBox:

1. Ascendx – updated for most recent capital raise valuation (v2)
2. O2HR – completed (SBVC and GMP)
3. Emistor – completed
4. Fur loans – updated to provide additional clarity on valuation
5. Nascent/Nerys – additional court documentation and commentary added to folder to strengthen valuation
6. Optmed – added language to clarify the preferred investment made by the VC funds in 2012
7. MD Reminder – photos were added last week. Have not received follow-up from your side.

---

I believe that, from a valuation perspective, this leaves only Progressive outstanding. Our contact from MLF Financial Group (a subsidiary of Cantor Fitzgerald) has verbally communicated that he should be able to place a value on our policies by this coming Friday, May 10th.



Gavin Watson  
Portfolio Manager  
Sands Brothers Asset Management, LLC  
601 Lexington Avenue, 51st Floor  
New York, NY 10022



---

**From:** Gavin Watson [REDACTED]  
**Sent:** Friday, May 10, 2013 10:29 AM  
**To:** Salvatore Vicari  
**Subject:** O2HR Valuation

Sal,

Please call me when you have a chance. Steven would like me to walk you through where we stand on O2HR in order to put the valuation and collateral into proper perspective. Thanks.

Progressive should be done today.

---

Gavin Watson  
Portfolio Manager  
Sands Brothers Assct Management, LLC  
[REDACTED]  
[REDACTED]

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[REDACTED]  
[REDACTED]  
[REDACTED]

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**From:** Gavin Watson [REDACTED]  
**Sent:** Tuesday, May 14, 2013 10:48 AM  
**To:** Salvatore Vicari  
**Cc:** Steven Sands; David LaRocca  
**Subject:** Re: Update

Yes. Let's do an 11am tomorrow morning. We will call you in your office. Thanks.

Gavin Watson

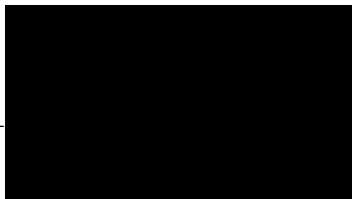
Portfolio Manager

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Sands Brothers Asset Management, LLC

601 Lexington Avenue, 51st Floor

New York, NY 10022



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**From:** Sal Vicari [REDACTED]  
**Date:** Tuesday, May 14, 2013 9:59 AM  
**To:** Gavin Watson [REDACTED]  
**Subject:** RE: Update

Gavin –

---

David is not available today.....can we do the call tomorrow morning at 11am??

It would be helpful with David since the investment covers both GMP and the Venture funds.

---

**From:** Gavin Watson [REDACTED]  
**Sent:** Tuesday, May 14, 2013 9:50 AM  
**To:** Salvatore Vicari; David LaRocca  
**Cc:** Steven Sands; John Lanser; Douglas Bisio; Christopher Kelly; Jeff Umansky  
**Subject:** Re: Update

Can Steven and I have a call with you prior to that to give you some more color on O2HR and Progressive?

Gavin Watson  
Portfolio Manager  
Sands Brothers Asset Management, LLC  
601 Lexington Avenue, 51st Floor  
New York, NY 10022

---

(646) 289-3149 Direct  
(401) 225-4388 Cell  
[REDACTED]

---

**From:** Sal Vicari [REDACTED]  
**Date:** Tuesday, May 14, 2013 9:46 AM  
**To:** Gavin Watson [REDACTED] "David com>" [REDACTED]  
[REDACTED] >, Douglas Bisio  
[REDACTED], Christopher Kelly [REDACTED] Jeff Umansky  
[REDACTED]  
**Subject:** RE: Update

---

Hi Gavin-

I called and left you a voice mail. We are working on reviewing the updated (and new ) valuations that you have sent over the last few days. Lets plan on having a call on Thursday afternoon to discuss any questions and outstanding issues.

Thanks,  
Sal

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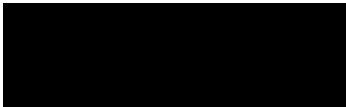
**From:** Gavin Watson [REDACTED]  
**Sent:** Tuesday, May 14, 2013 9:04 AM  
**To:** Salvatore Vicari; David LaRocca  
**Cc:** Steven Sands; John Lanser; Douglas Bisio; Christopher Kelly; Jeff Umansky  
**Subject:** Update

Team,

The final version of Progressive, complete with updated policy valuation docs and legal docs, has been uploaded to the DropBox.

Please advise where we stand as I have not received any return calls or emails from you regarding the outstanding issues. Thanks.

Gavin Watson  
Portfolio Manager  
Sands Brothers Asset Management, LLC  
601 Lexington Avenue, 51st Floor  
New York, NY 10022



---

**DISCLAIMER:**

This e-mail is intended solely for the person or entity to which it is addressed and may contain confidential and/or privileged information. Any review, dissemination, copying, printing or other use of this e-mail by persons or entities other than the addressee is prohibited. If you have received this e-mail in error, please contact the sender immediately and delete the material from any computer

**Circular 230 Disclosure:**

Pursuant to U.S. Treasury Department Regulations, we advise you that, unless otherwise expressly indicated, any tax advice contained in this communication, including attachments and enclosures, is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

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**From:** Gavin Watson [REDACTED]  
**Sent:** Thursday, May 16, 2013 4:04 PM  
**To:** David LaRocca; 'sbsands@gmail.com'  
**Cc:** Salvatore Vicari  
**Subject:** Re: Anthony Huff - Mahnattan US Attorney  
**Attachments:** image001.png

Two things to note on the case against Anthony Huff per the FBI website:

1. Anthony Huff, and not any corporate entity, is listed as the defendant in every count.
2. Under the "Maximum Penalty" heading, note that none of the penalties relate to corporate asset recovery but rather only prison sentences and fines.

---

Gavin Watson

Portfolio Manager

Sands Brothers Asset Management, LLC

601 Lexington Avenue, 51st Floor

New York, NY 10022

---

[REDACTED]

[REDACTED]

[REDACTED]

---

**From:** "David.com" <[REDACTED]@[REDACTED].com>  
**Date:** Thursday, May 16, 2013 3:45 PM  
**To:** Steven Sands <[REDACTED]> Watson <[REDACTED]@[REDACTED].com>

Cc: Sal Vicari [REDACTED]  
Subject: Anthony Huff - Mahnattan US Attorney

Gentlemen,

The posting we found on FBI website.

<http://www.fbi.gov/newyork/press-releases/2012/manhattan-u.s.-attorney-announces-filing-of-13-count-indictment-charging-kentucky-businessman-senior-park-avenue-bank-official-and-financial-services-executive-with-fraudulent-schemes>

David.

David P. LaRocca, CPA


**Cornick Garber Sandler**

*Certified Public Accountants & Advisors*

825 Third Avenue, New  
York, NY 10022

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

---

 Think before printing this email -- you could save a tree!

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This e-mail is intended solely for the person or entity to which it is addressed and may contain confidential and/or privileged information. Any review, dissemination, copying, printing or other use of this e-mail by persons or entities other than the addressee is prohibited. If you have received this e-mail in error, please contact the sender immediately and delete the material from any computer

**Circular 230 Disclosure:**

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**From:** Salvatore Vicari  
**Sent:** Tuesday, June 25, 2013 4:12 PM  
**To:** 'Steven B. Sands'  
**Subject:** voice mail

Hi Steven-

I got your voice mail and tried you in the office. I spoke to Gavin and he mentioned you were out of the office.

I will be in tomorrow and we can catch up.....Gavin told me the good news about the Parkland wells today.

Sal

Salvatore Vicari, CPA

**Cornick Garber Sandler**  
Certified Public Accountants & Advisors

---

825 Third Avenue, New  
York, NY 10022



linkedin

I think before printing this email -- you could save a tree!



---

**From:** Lee Tu  
**Sent:** Tuesday, July 16, 2013 10:04 AM  
**To:** 'John Lanser III'; Salvatore Vicari; David LaRocca  
**Subject:** RE: Audit Follow Up

Hi John

We are going to try to come up Thursday or Friday. Will finalize schedule tomorrow when David gets back into town. Will Steven or Marty be available either of those days? We need to conduct a fraud discussion.

Thanks

Lee Tu

**Cornick Garber Sandler**

Certified Public Accountants & Advisers

825 Third Avenue, New  
York, NY 10022

[REDACTED]

[REDACTED]

[REDACTED]

[ltu@cgscpa.com](mailto:ltu@cgscpa.com)



Think before printing this email – you could save a tree!

---

**From:** John Lanser III [<mailto:jlanser@greenwichfundservices.com>]  
**Sent:** Tuesday, July 16, 2013 9:45 AM  
**To:** Salvatore Vicari; Lee Tu; David LaRocca  
**Subject:** Audit Follow Up

Good Morning,

Do you guys have a sense of when we should expect you guys in Greenwich for the post balance sheet review as discussed with David on Thursday-Friday of last week.

I just want to be sure you guys will be available.

Thanks,

John L. Lanser III  
Chief Operating Officer  
Greenwich Fund Services  
15 Valley Drive  
Greenwich CT 06831

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*Please remember the environment before printing this email.*



**IRS CIRCULAR 230 DISCLOSURE:** To comply with IRS regulations, we are required to inform you that unless expressly stated otherwise, any discussion of U.S. federal tax issues in this correspondence (including any attachments) is not intended or written to be used, and cannot be used, (i) to avoid any penalties imposed under the Internal Revenue Code, or (ii) to promote, market, or recommend to another party any transaction or matter addressed herein.

**DISCLAIMER:** The information in this message is confidential and may be legally privileged. It is intended solely for the addressee. Access to this message by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, or distribution of the message, or any action or omission taken by you in reliance on it, is prohibited and may be unlawful. Please immediately contact the sender if you have received this message in error. Thank you.

---

**From:** Christopher Kelly <[REDACTED]>  
**Sent:** Monday, April 25, 2011 2:56 PM  
**To:** Sal Vicari  
**Cc:** Gavin Watson; Douglas J. Bisio  
**Subject:** FW: Equipment Appraisal  
**Attachments:** RESI-Appraisal-NOLV.pdf; ATT00001..htm; RESI-Appraisal-FMVIP.pdf; ATT00002..htm

See attached appraisals re Amelio equipment.

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831  
[REDACTED]  
[REDACTED]  
[REDACTED]

---

**From:** Christopher Kelly <ckelly@sandsbros.com>  
**Sent:** Friday, April 29, 2011 12:31 PM  
**To:** Sal Vicari  
**Cc:** Douglas J. Bisio  
**Subject:** FW: Proposals  
**Attachments:** Amelio\_Solar\_-\_BHEL\_Strategic\_Photovoltaic\_Module\_Manufacturing\_Platform\_ProposalFINAL\_3-5-10\_CONFIDENTIAL.pdf; ATT00001..c; MOU\_BKV.PDF; ATT00002..c; amelio-brunei-contract.pdf; ATT00003..c; MOU\_GYNECO.pdf; ATT00004..c; Amelio SAES quote for 10MW a-Si 7-10-09.pdf; ATT00005..c; Amelio Solar PV-Duo Manufacturing System Proposal 5-17-10 CONFIDENTIAL.pdf; ATT00006..c

Attached is additional information supporting the value of the Chinese joint venture. The purchase prices for the various proposed plants and related information will give you an indication of the value of such plants.

Thank you

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831  
(203) 661 - 7500 Tel  
(203) 661 - 6500 Fax  
[ckelly@sandsbros.com](mailto:ckelly@sandsbros.com)

---

-----Original Message-----

From: Bennett Levin [<mailto:blevin5711@gmail.com>]  
Sent: Friday, April 29, 2011 12:20 PM  
To: Christopher Kelly; Martin S. Sands; Steven Sands  
Subject: Fwd: Proposals

---

These documents are for your auditors internal use only and are to be be publicly disclosed. They are pricing documents to show competitive value and could be considered proprietary trade information.

---

In view of the litigation public disclosure of this specific information may well be a problem. I would restrict its use to your auditors for they specific need to establish a basis of value.

Bennett

---

**From:** Christopher Kelly <ckelly@sandsbros.com>  
**Sent:** Thursday, May 12, 2011 12:05 PM  
**To:** Sal Vicari  
**Subject:** FW: Report from ArX Mobile, Inc.  
**Attachments:** Report\_from\_ArX\_Mobile\_Inc..xls

Fyi, attached is a breakout of revenue for Arx.

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831  
(203) 661 - 7500 Tel  
(203) 661 - 6500 Fax  
[ckelly@sandsbros.com](mailto:ckelly@sandsbros.com)

---

**From:** Phil Sweatman [mailto:████████████████████]  
**Sent:** Thursday, May 12, 2011 12:02 PM  
**To:** Martin S. Sands  
**Cc:** ██████████ Christopher Kelly; Gavin Watson  
**Subject:** Report from ArX Mobile, Inc.

Here you go, Marty.

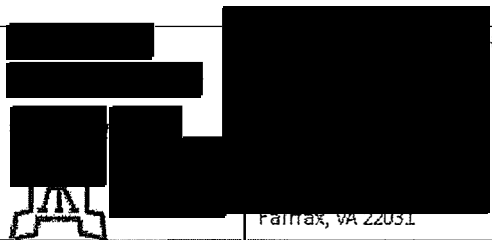
---

This should also answer the largest customer questions and the concentration issue.

More to follow under separate emails.

---

Phil



*Mobile Marketing & Advocacy*

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**From:** Christopher Kelly <ckelly@sandsbros.com>  
**Sent:** Monday, May 16, 2011 12:03 PM  
**To:** Sal Vicari  
**Cc:** David LaRocca  
**Subject:** FW: Appraisal of Smith Mountain Dock & Lodge - Genesis and Sands Brothers Venture - O2HR  
**Attachments:** 11-0748 SMD&L - On Site Drainfields Report Complete.pdf

Sal

Attached is the reappraisal of the Smith Mountain Lake property, without taking into account the value of the drainage parcel, which serves as collateral for the Genesis and Sands Brothers Venture loans.

On pdf page 66 you will see the estimated value of the drainage parcel, at \$1,440,000, based on the difference between the original Smith Mountain Lake appraisal, and the current appraisal attached.

This should provide sufficient value for the O2HR loans to Genesis and Sands Brothers Venture.

~~The reappraisal of the Legacy golf course will also be provided shortly.~~

Do you need anything else for Arx?

Regards

Christopher Kelly  
Chief Operating Officer and Chief Compliance Officer  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich CT 06831

[REDACTED]  
(203) 661-6500 [REDACTED]  
[REDACTED]

---

**From:** Jackie Moore [REDACTED]  
**Sent:** Friday, May 13, 2011 10:43 AM  
**To:** Christopher Kelly  
**Subject:** Appraisal of Smith Mountain Dock & Lodge

Attached is a PDF copy of the appraisal report of Smith Mountain Dock & Lodge and the invoice. If you have any problems or questions, please give us a call.

Jackie Moore  
Miller, Long & Associates, Inc.  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

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MILLER, LONG & ASSOCIATES, INC.  
REAL ESTATE APPRAISAL COMPANY

JOHN H. MILLER, MAI, SRA  
SAMUEL B. LONG, MAI, SRA  
CATHERINE B. SMELTZER, MAI, SRA  
THOMAS D. BARLOW, MAI, SRA  
M. KIRBY SMELTZER, JR.  
SANDRA S. WORTHY  
JARED L. SCHWETZER

May 13, 2011

Genesis Merchant Partners, L.P.  
Attn: Mr. Christopher Kelly  
15 Valley Drive  
Greenwich, Connecticut 06831  
[ckelly@sandsbros.com](mailto:ckelly@sandsbros.com)

RE: Summary Appraisal Report of:  
22.647 acres of land with 135 boat slips, fuel  
operation, grill and rental-lodging units located along  
the northeast side of Smith Mountain Road and along  
Smith Mountain Lake  
Penhook, Pittsylvania County, Virginia 24137  
MLA File: 11-074B

Dear Mr. Kelly:

As requested, we are submitting an appraisal of the above captioned property, further identified as GPIN Map Numbers 1563-53-3627, 1563-53-1134, 1563-52-4895, 1563-63-0309, 1563-53-3956, 1563-53-4004, 1563-52-2844, 1563-63-0408 and 1563-53-7292; located in Pittsylvania County, Virginia. Miller, Long & Associates, Inc. appraised this same property in 2009 and again in 2011. The effective dates of value were March 31, 2009 and January 26, 2011, respectively (MLA File Numbers 09-061 and 11-005).

***At your request, we are assuming that the off-site sewage disposal system and drain field system, previously included as part of the overall development, is not available to the marina. We are assuming that an on-site sewage disposal system must be used for any development on the subject site. This is a HYPOTHETICAL CONDITION since there is an off-site drain field system available to the subject site. It is also noted that we have not been provided with any soil tests or soil condition reports for the subject site. If these tests are completed, they may alter the appraisal conclusions. We reserve the right to change our value opinion accordingly based on any soil condition reports that are prepared regarding the subject site.***

**Additionally, the value of the off-site drain field and sewage disposal site is NOT reflected by taking the value difference of the subject parcel with and without the drain field system. Rather, the value differences reflect the contributory nature of the off-site sewage disposal system and the additional density it creates on the subject site.**



Please note that a personal inspection was made of the land and improvements, with due consideration given to all factors that influence the estimated market value of the subject property. The estimated market value is subject to the Contingent and Limiting Conditions included as part of this summary report.

In our opinion, the report conforms to the minimum standards of the Uniform Standards of Professional Appraisal Practice (USPAP), revised January 1, 2010, Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised March 31, 1999, and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. This is a summary appraisal report and includes the information necessary to understand the expressed opinions.

As an end result of our investigation, it is our opinion that the fee simple market value of the subject property, with a  $\pm 1$ -year exposure period, as of April 22, 2011, is:

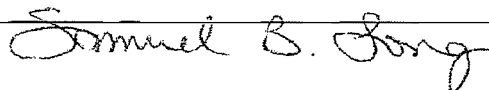
**FIVE MILLION NINE HUNDRED FORTY THOUSAND DOLLARS.....\$5,940,000**

**THIS APPRAISAL IS SUBJECT TO THE FOLLOWING HYPOTHETICAL CONDITIONS:**

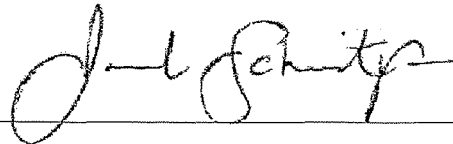
- 1.) ALL OF THE REMAINING MOBILE HOME TRAILERS AND UNOCCUPIED RESIDENTIAL UNITS ARE REMOVED FROM THE SITE**
- 2.) WE ASSUME THAT THE PRESENT OFF-SITE SEWAGE DISPOSAL SYSTEM IS NOT AVAILABLE TO THE SUBJECT PROPERTY. ON-SITE SEWAGE DISPOSAL MUST BE UTILIZED, WHICH WILL IMPACT THE OVERALL DENSITY ON THE SUBJECT SITE.**

This letter of transmittal precedes our summary appraisal report. This letter of transmittal must remain attached to the report, which contains 49 pages, plus related exhibits, in order for the value opinion to be considered valid.

Respectfully submitted,



Samuel B. Long, MAI, SRA  
VIRGINIA GENERAL CERTIFIED APPRAISER [REDACTED]



Jared L. Schweitzer  
VIRGINIA GENERAL CERTIFIED APPRAISER [REDACTED]

SBL/JLS

P:\APPRAISALS\2011\11-074B SMD&L - ON-SITE DRAIN FIELDS\REPORT.DOC

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**From:** Wells, Jonathan M. [REDACTED]  
**Sent:** Wednesday, May 18, 2011 2:05 PM  
**To:** Sal Vicari  
**Cc:** sbsands@gmail.com; Christopher Kelly; Martin S. Sands  
**Subject:** Genesis Merchant Partners LP  
**Attachments:** IMAGE1.JPG

Sal:

Per the request of Steven Sands, attached please find a letter from SDH Realty Inc. in connection with the appraisal of Legacy Country Club which Steven has forwarded to you previously.

Please let me know if you have any questions.

Best regards,

Jonathan M. Wells  
Gilbride, Tusa, Last & Spellane LLC

---

[REDACTED]

-----Original Message-----

**From:** Anthony R. Russo [REDACTED]  
**Sent:** Wednesday, May 18, 2011 12:11 PM  
**To:** Wells, Jonathan M.; [REDACTED]  
**Subject:** Thank You

Tony

---

[REDACTED]

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SDH Realty, Inc.



May 17, 2011

Genesis Merchant Partners, LP  
Attn: Steven Sands, Partner



Re: **Letter dated April 28, 2011**

Dear Mr. Sands:

In connection with the forbearance agreement contemplated in the above referenced letter, you have asked that the real property owned by our subsidiary, Legacy Estates, LLC, be the subject of an up to date independent appraisal, as soon as possible. In view of the long lead times we faced in getting a complete new appraisal, we accepted the proposal of an area appraiser to use the comprehensive appraisal made coincident with our purchase of the real property dated June 21, 2006, and to update it in detail for the value of infrastructure improvements, building additions, new construction, and land and cabin added since that appraisal.

Accordingly, enclosed please find an Appraisal Report dated May 11, 2011 which opines that the estimated fair value of all of the improvements made to the Legacy Golf Club since June 21, 2006 is \$2,061,000. This includes the equipment owned by Legacy Country Club, LLC. In addition, also enclosed is another Appraisal Report for the Cabin and seven acres added since 2006 stating the Cabin and related land's fair value as \$170,000. The appraiser concluded that the value ascribed to the property in 2006 of \$1,285,000 was still justified (if not actually low).

In summary, we have provided the following:

June 21, 2006 appraisal of property value (confirmed by current appraiser)	\$1,285,000
May 11, 2011 appraisal of improvements to subject property	2,061,000
May 12, 2011 appraisal of new cabin and land added	<u>170,000</u>
	<u>\$3,516,000(a)</u>

(a) Inclusive of estimated fair value of maintenance and restaurant equipment and golf cart fleet of approximately \$500,000.

If I may be of further assistance in evaluating the collateral value of the foregoing assets, I await your call.

Sincerely,

Anthony R. Russo, President

ssandsletter

SEC-CGS-E-0056899

SEC-NY8127-000121466

6. The undersigned understands that the Firm has established a strong culture of compliance with the compliance policies and procedures of the Firm as set forth in the Manual and otherwise and with all applicable laws, rules and regulations and high ethical business standards, and the undersigned has since the date of employment of the undersigned, and will continue to, contribute in a positive way to the Firm's strong culture of compliance.

In particular, the undersigned will:

(i) act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;

(ii) place the integrity of the investment profession and the interests of clients above the undersigned's own personal interests;

(iii) use reasonable care and exercise independent professional judgment when conducting investment analyses, making investment recommendations, taking investment actions, and engaging in other professional activities;

(iv) practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession;

(v) promote the integrity of, and uphold the rules governing, capital markets; and

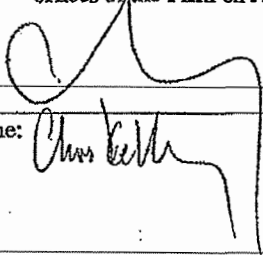
(vi) maintain and improve the undersigned's professional competence and strive to maintain and improve the competence of other investment professionals.

7. The undersigned has since the date of employment of the undersigned reported, and will continue to report, to the Managers and/or Chief Compliance Officer of the Firm, all violations known to the undersigned of the Firm's compliance policies and procedures.

8. To the extent the undersigned has specific duties and responsibilities in the Manual, the undersigned has, since the date such duties and responsibilities were provided for, diligently carried out, and will continue to diligently carry out, such duties and responsibilities.

9. I confirm attendance at the Annual Compliance and Training Meeting held in the offices of the Firm on April \_\_, 2011.

Name:



Date



**Sands Brothers Venture Capital I LLC**

15 Valley Drive

Greenw

06831



December 31, 2011

Chris Kelly



To whom it may concern:

Cornick, Garber & Sandler, LLP, certified public accountants [redacted], are auditing our financial statements as of December 31, 2011.

For purposes of independent verification only please confirm our investment in your securities.

Number of Shares/Principal Amount 187,500

Class of Shares Common

Convertible Features                     

Other Attributes                     

Date of Investment                     

Amount of Investment                     

Your prompt response in the enclosed prepaid envelope will be greatly appreciated.

Sincerely,

Christopher Kelly

4/3/06 - \$1,562.50  
7/1/06 - \$781.25  
2/22/07 - \$4,375  
3/13/08 - \$4,375  
3/27/09 - \$5,000

To W/P D-1 SBVC I Binder.

SEC-CGS-E-0035202

SEC-NY8127-000099769

**Sands Brothers Venture Capital II LLC**



December 31, 2011

Chris Kelly  
Lynx Acquisition, Inc.  
15 Valley Dr  
Greenwich, CT 06831

To whom it may concern:

Cornick, Garber & Sandler, LLP, certified public accountants, 825 Third Avenue NY, NY 10022, are auditing our financial statements as of December 31, 2011.

For purposes of independent verification only please confirm our investment in your securities.

Number of Shares/Principal Amount 375,000

Class of Shares Common

Convertible Features \_\_\_\_\_

Other Attributes \_\_\_\_\_

Date of Investment \_\_\_\_\_

Amount of Investment \_\_\_\_\_

1/3/06 - \$3,125  
7/1/06 - \$1,562.50  
2/22/07 - \$8,750  
3/13/08 - \$8,750  
3/27/09 - \$10,000

To W/P D-1 SBVC II

Your prompt response in the enclosed prepaid envelope will be greatly appreciated.

Sincerely,

Christopher Kelly

SEC-CGS-E-0035203

SEC-NY8127-000099770

**Sands Brothers Venture Capital III LLC**

[Redacted]  
[Redacted]  
[Redacted]

[Redacted] 31, 2011

Chris Kelly  
Lynx Acquisitions, Inc.

To whom it may concern:

Cornick, Garber & Sandler, LLP, certified public accountants, 825 Third Avenue NY, NY 10022, are auditing our financial statements as of December 31, 2011.

For purposes of independent verification only please confirm our investment in your securities.

Number of Shares/Principal Amount 750 000

Class of Shares Common

Convertible Features \_\_\_\_\_

Other Attributes \_\_\_\_\_

Date of Investment \_\_\_\_\_

Amount of Investment \_\_\_\_\_

1/3/06 - \$6,250  
7/1/06 - \$3,125  
2/22/07 - \$17,500  
3/13/08 - \$17,500  
3/27/09 - \$20,000

Your prompt response in the enclosed prepaid envelope will be greatly appreciated.

To W/P D-1 SBVC  
III

Sincerely,  


Christopher Kelly

SEC-CGS-E-0035204

SEC-NY8127-000099771

**Sands Brothers Venture Capital IV LLC**  
15 Valley Drive



December 31, 2011

Chris Kelly  
Lynx Acquisitions, Inc.

To whom it may concern:

Cornick, Garber & Sandler, LLP, certified public accountants, 825 Third Avenue NY, NY 10022, are auditing our financial statements as of December 31, 2011.

For purposes of independent verification only please confirm our investment in your securities.

Number of Shares/Principal Amount 187,500  
Class of Shares Common  
Convertible Features \_\_\_\_\_  
Other Attributes \_\_\_\_\_  
Date of Investment \_\_\_\_\_  
Amount of Investment \_\_\_\_\_

1/3/06 \$1,562.50  
7/1/06 - \$781.25  
2/22/07 - \$4,375.00  
3/13/08 - \$4,375  
3/27/09 - \$5,000

Your prompt response in the enclosed prepaid envelope will be greatly appreciated.

To W/P D-1 SBVC  
IV

Sincerely,

Christopher Kelly

SEC-CGS-E-0035205

SEC-NY8127-000099772



**Sands Brothers Venture Capital LLC**

15 Valley Drive  
Greenwich, Connecticut 06831  
Ph: 203-661-7500  
Fax: 203-661-6500

December 31, 2011

Chris Kelly  
Scout Acquisition, Inc.

To whom it may concern:

Cornick, Garber & Sandler, LLP, certified public accountants, 825 Third Avenue NY, NY 10022, are auditing our financial statements as of December 31, 2011.

For purposes of independent verification only please confirm our investment in your securities.

Number of Shares/Principal Amount 187,500

Class of Shares Common

Convertible Features \_\_\_\_\_

Other Attributes \_\_\_\_\_

Date of Investment \_\_\_\_\_

Amount of Investment \_\_\_\_\_

Your prompt response in the enclosed prepaid envelope will be greatly appreciated.

Sincerely,

Christopher Kelly



Handwritten notes on the right side of the page, including a large checkmark and a list of dates with associated dollar amounts:

- 1/3/06 - \$1,562.50
- 7/1/06 - \$781.25
- 2/22/07 - \$4,375
- 3/13/08 - \$4,375
- 3/27/09 - \$5,000

To W/P D-1

SEC-CGS-E-0035206

SEC-NY8127-000099773

**Sands Brothers Venture Capital II LLC**

15 Valley Drive  
Greenwich, Connecticut 06831  
Ph: 203-661-7500  
Fax: 203-661-6500

December 31, 2011

Chris Kelly  
Scout Acquisition, Inc.

To whom it may concern:

Cornick, Garber & Sandler, LLP, certified public accountants, 825 Third Avenue NY, NY 10022, are auditing our financial statements as of December 31, 2011.

For purposes of independent verification only please confirm our investment in your securities.

Number of Shares/Principal Amount 375,000

Class of Shares Common

Convertible Features \_\_\_\_\_

Other Attributes \_\_\_\_\_

Date of Investment \_\_\_\_\_


Amount of Investment \_\_\_\_\_

1/3/06 - \$3,125.00  
7/1/06 - \$1,562.50  
2/22/07 - \$8,750.00  
3/13/08 - \$8,750.00  
3/27/09 - \$10,000

Your prompt response in the enclosed prepaid envelope will be greatly appreciated.

To W/P D-1 SBVC II

Sincerely,

  
Christopher Kelly

SEC-CGS-E-0035207

SEC-NY8127-000099774

**Sands Brothers Venture Capital III LLC**

15 Valley Drive  
Greenwich, Connecticut 06831  
Ph: 203-661-7500  
Fax: 203-661-6500

December 31, 2011

Chris Kelly  
Scout Acquisition, Inc.

To whom it may concern:

Cornick, Garber & Sandler, LLP, certified public accountants, 825 Third Avenue NY, NY 10022, are auditing our financial statements as of December 31, 2011.

For purposes of independent verification only please confirm our investment in your securities.

Number of Shares/Principal Amount 750,000

Class of Shares Common

Convertible Features \_\_\_\_\_

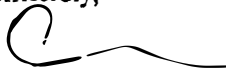
Other Attributes \_\_\_\_\_

Date of Investment \_\_\_\_\_

Amount of Investment \_\_\_\_\_

Your prompt response in the enclosed prepaid envelope will be greatly appreciated.

Sincerely,



Christopher Kelly

1/3/06 - \$6,250  
7/1/06 - \$3,125  
2/22/07 - \$17,500  
3/13/08 - \$17,500  
3/27/09 - \$29,000

To w/P D-1 SBVC  
|||

SEC-CGS-E-0035208

SEC-NY8127-000099775

**Sands Brothers Venture Capital IV LLC**

15 Valley Drive  
Greenwich, Connecticut 06831  
Ph: 203-661-7500  
Fax: 203-661-6500

December 31, 2011

Chris Kelly  
Scout Acquisition, Inc.

To whom it may concern:

Cornick, Garber & Sandler, LLP, certified public accountants, 825 Third Avenue NY, NY 10022, are auditing our financial statements as of December 31, 2011.

For purposes of independent verification only please confirm our investment in your securities.

Number of Shares/Principal Amount 187,500

Class of Shares Common

Convertible Features \_\_\_\_\_


Other Attributes \_\_\_\_\_

Date of Investment \_\_\_\_\_

Amount of Investment \_\_\_\_\_

Your prompt response in the enclosed prepaid envelope will be greatly appreciated.

Sincerely,

  
Christopher Kelly

1/3/06 - \$1,562.50  
7/1/06 - \$781.25  
2/22/07 - \$4,375.00  
3/13/08 - \$4,375  
3/27/09 - \$5,000

To W/P D-1 SBVC  
IV

SEC-CGS-E-0035209

SEC-NY8127-000099776

**Sands Brothers Venture Capital III LLC**

15 Valley Drive  
Greenwich, Connecticut 06831  
Ph: 203-661-7500  
Fax: 203-661-6500

December 31, 2013

Steven Sands  
Triage Partners LLC (\*) (National Holdings)  
15 Valley Dr  
Greenwich, CT 06831

To whom it may concern:

Cornick, Garber & Sandler, LLP, certified public accountants, 825 Third Avenue NY, NY 10022, are auditing our financial statements as of December 31, 2013.

For purposes of independent verification only please confirm our investment in your securities.

Number of Shares/Principal Amount \$245,750

Class of Shares Notes

Convertible Features \_\_\_\_\_

Other Attributes \_\_\_\_\_

Date of Investment 1/08

Amount of Investment \$245,750

S3 Venture Capital III, LLC      [Signature]      COO  
Company Name                      Signed By                      Title

Your prompt response in the enclosed prepaid envelope will be greatly appreciated.

Sincerely,

[Signature]  
Christopher Kelly

SEC-CGS-E-0040459

SEC-NY8127-000105026

**Sands Brothers Venture Capital IV LLC**

15 Valley Drive  
Greenwich, Connecticut 06831  
Ph: 203-661-7500  
Fax: 203-661-6500

December 31, 2013

Steven Sands  
Triage Partners LLC (\*) (National Holdings)  
15 Valley Dr  
Greenwich, CT 06831

To whom it may concern:

Cornick, Garber & Sandler, LLP, certified public accountants, 825 Third Avenue NY, NY 10022, are auditing our financial statements as of December 31, 2013.

For purposes of independent verification only please confirm our investment in your securities.

Number of Shares/Principal Amount \$120,000

Class of Shares Notes

Convertible Features \_\_\_\_\_

Other Attributes \_\_\_\_\_

Date of Investment \_\_\_\_\_

Amount of Investment \$120,000

SBS Venture Capital IV  
Company Name

[Signature]  
Signed By

COO  
Title

Your prompt response in the enclosed prepaid envelope will be greatly appreciated.

Sincerely,

[Signature]  
Christopher Kelly

# Cornick Garber Sandler

Certified Public Accountants & Advisors

September 3, 2013

Messrs. Martin and Steven Sands  
Sands Brothers Asset Management, LLC  
15 Valley Drive  
Greenwich, Connecticut 06831

Gentlemen:

In planning and performing our audit of the financial statements of the Sands Brothers Venture Capital Funds and the Genesis Merchant Partner Funds as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered their internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal control. Accordingly, we do not express an opinion on the effectiveness of their internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be a material weakness or significant deficiencies and, therefore, such weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

Internal controls, especially those dealing specifically with critical audit matters are considered when designing audit procedures. Critical audit matters are those matters addressed during the audit that (1) involved the most difficult, subjective, or complex judgments; (2) posed the most difficulty to us in obtaining sufficient appropriate evidence; or (3) posed the most difficulty to us in forming our opinion on the financial statements.

A significant portion of the Companies' investment portfolios is comprised of non-publicly traded equity securities and collateralized loan obligations. Our audit of the fair value of these securities in the audit of the Companies' financial statements as of and for the year ended December 31, 2012 involved difficult and complex auditor judgments because these securities were valued using in-house valuation models based on unobservable inputs, which are subject to a wide range of measurement uncertainty. Our audit of these securities required an extensive amount of audit work, including significant involvement of senior members of the engagement team. Further, it was necessary to expand the planned audit procedures due to a number of significant deficiencies and material weaknesses in the Companies' internal control system regarding fair value estimates.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the entity's internal control to be material weaknesses.

**Cornick, Garber & Sandler, LLP**

825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936

50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035

cgscpa.com  
CGS2014\_000991

SEC-NY8127-000001004

September 3, 2013

Messrs. Martin and Steven Sands  
Sands Brothers Asset Management, LLC

Page Two

Our review of the individual private company investment valuations at December 31, 2012 prepared by your staff revealed several instances where such valuations were incorrectly prepared and required substantial revisions both upwards and downwards. In our opinion these revisions were not the result of errors in judgment, but resulted from the unintentional but incorrect application of certain factual matters to the individual valuations. Since the values of the entities investments not only affect the key metrics presented in the financial statements, but also the amount of management fee payable by the entities, both at year end and quarterly throughout the year, greater care in preparing them and oversight by senior management are required. We recommend that if at any periodic valuation date the estimated fair value of any investment varies by more than a preselected percentage selected by management (e.g., 25%), senior management should be immediately notified and consulted as to the underlying changes and the reason therefor. We also recommend that at each valuation date senior management be notified and consulted as to the details of the underlying valuation of any previous difficult to value investment in excess of a preselected percentage of equity (e.g., 10% – 15%).

Our review of the publicly traded investments noted two instances where the securities were not initially correctly valued. In both instances, the Companies incorrectly carried the number of shares of these investments which, in one instance resulted in an opening balance “correction of an error” adjustment on five of the Companies’ funds beginning of the year balances due to the amount of the error.

Also substantive testing of realized gains and losses for the year ended December 31, 2012 revealed an initial realized loss on the redemption of a publicly traded investment held by the funds. Through inquiry with your staff, it was determined that proceeds relating to this transaction were sent to an incorrect address in August of 2012 and resulted in the recording of a realized loss. This oversight was not discovered until audit field work commenced in April of 2013 and lead to a material adjustment to record a security redemption receivable at December 31, 2012 and the elimination of the realized loss.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity’s internal control to be significant deficiencies.

Our review of the Companies’ interim financial statements brought to our attention incorrect market values for certain non-publicly traded securities which lead to an immaterial understatement of advisory fees owed to the Companies’ investment advisor. These errors consisted of both investments that had previously been deemed worthless in a prior period and investments whose estimated market values were entered significantly below their actual value in error. We recommend the market values of the non-publicly traded securities be compared both to the previous quarterly interim statement (if applicable) as



September 3, 2013

Messrs. Martin and Steven Sands  
Sands Brothers Asset Management, LLC

Page Three

well as to the previous year end audited financial statements, with any significant fluctuation in market value (% to be determined by management) brought directly to the attention of the member-managers for review.

There was a delay in the timely receipt from management of the information supporting the valuation of non-performing loans either as the result of a lack of available information concerning the obligor, the current value of underlying loan collateral or a combination thereof, which significantly affected the completion of the audit and the timely issuance of the financial statements. Since these conditions were known or identifiable before the commencement of the audits we believe that a more proactive timely approach by your valuation staff in identifying these situations and obtaining the necessary documentation, whether it be updated appraisals, opinions from legal counsel or other evidence supporting management's valuation, could alleviate most of the audit issues. We also believe that some of the issues discussed above could be corrected by improved communication and coordination between your staff members located in Greenwich, CT and in New York City.

Since the effects of the foregoing control deficiencies were previously reported to you and were corrected prior to the issuance of the aforementioned financial statements they did not affect our audit reports issued on the individual statements. This communication is intended solely for the information and use of the member-managers and is not intended to be, and should not be, used by anyone other than these specified parties. If you have any questions in connection with this communication please do not hesitate reach out to us for further discussion. We are pleased to have provided our services to the Companies and look forward to a continuing relationship.

Very truly yours,

*Cornick Garber Sandler, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

DL:td

**MAXIMUM PENALTY ANALYSIS**

**Maximum Third Tier Penalty (15 U.S.C. § 80b-3(i)(1)(B)(2)(C))**

**SBAM**

<b>Financial Statement Fiscal Year</b>	<b>Year Violations Occurred</b>	<b>Number of Violations</b>	<b>Applicable Maximum Penalty per Violation</b>	<b>Penalty Total</b>
2010	2011	10	\$ 725,000	\$ 7,250,000
2011	2012	10	725,000	7,250,000
2012	2013	10	775,000	7,750,000
			<b>Total Maximum Penalty</b>	<b>\$22,250,000</b>

**Individual Respondents**

<b>Financial Statement Fiscal Year</b>	<b>Year Violations Occurred</b>	<b>Number of Violations</b>	<b>Applicable Maximum Penalty per Violation</b>	<b>Penalty Total</b>
2010	2011	10	\$ 150,000	\$ 1,500,000
2011	2012	10	150,000	1,500,000
2012	2013	10	160,000	1,600,000
			<b>Total Maximum Penalty</b>	<b>\$ 4,600,000</b>

Maximum Second Tier Penalty (15 U.S.C. § 80b-3(i)(1)(B)(2)(B))

SBAM

<b>Financial Statement Fiscal Year</b>	<b>Year Violations Occurred</b>	<b>Number of Violations</b>	<b>Applicable Maximum Penalty per Violation</b>	<b>Penalty Total</b>
2010	2011	10	\$ 375,000	\$ 3,750,000
2011	2012	10	375,000	3,750,000
2012	2013	10	400,000	4,000,000
			<b>Total Maximum Penalty</b>	<b>\$11,500,000</b>

Individual Respondents

<b>Financial Statement Fiscal Year</b>	<b>Year Violations Occurred</b>	<b>Number of Violations</b>	<b>Applicable Maximum Penalty per Violation</b>	<b>Penalty Total</b>
2010	2011	10	\$ 75,000	\$ 750,000
2011	2012	10	75,000	750,000
2012	2013	10	80,000	800,000
			<b>Total Maximum Penalty</b>	<b>\$ 2,300,000</b>

**Maximum First Tier Penalty (15 U.S.C. § 80b-3(i)(1)(B)(2)(A))**

**SBAM**

<b>Financial Statement Fiscal Year</b>	<b>Year Violations Occurred</b>	<b>Number of Violations</b>	<b>Applicable Maximum Penalty per Violation</b>	<b>Penalty Total</b>
2010	2011	10	\$ 75,000	\$ 750,000
2011	2012	10	75,000	750,000
2012	2013	10	80,000	800,000
			<b>Total Maximum Penalty</b>	<b>\$ 2,300,000</b>

**Individual Respondents**

<b>Financial Statement Fiscal Year</b>	<b>Year Violations Occurred</b>	<b>Number of Violations</b>	<b>Applicable Maximum Penalty per Violation</b>	<b>Penalty Total</b>
2010	2011	10	\$ 7,500	\$ 75,000
2011	2012	10	7,500	75,000
2012	2013	10	7,500	75,000
			<b>Total Maximum Penalty</b>	<b>\$ 225,000</b>