

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

### **Item 1 - Cover Page**

**Name:** Melodeon Capital Partners, LP

**Address:** 717 Fifth Avenue, 12<sup>th</sup> Floor  
New York, New York 10022

**Phone Number:** 212-583-8763

**Website:** <http://www.melodeoncapital.com>

The date of this brochure is March 7, 2019.

**This brochure provides information about the qualifications and business practices of Melodeon Capital Partners, LP. If you have any questions about the contents of this brochure, please contact our investor relations team at 212-583-8763. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Melodeon Capital Partners, LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any reference to Melodeon Capital Partners, LP as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

There are no material changes to report as this is Melodeon Capital Partners, LP's initial brochure.

**Item 3 - Table of Contents**

Item 1 - Cover Page .....	1
Item 2 - Material Changes.....	2
Item 3 - Table of Contents .....	2
Item 4 - Advisory Business .....	3
Item 5 - Fees and Compensation.....	3
Item 6 - Performance-Based Fees and Side-By-Side Management .....	4
Item 7 - Types of Clients.....	4
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	4
Item 9 - Disciplinary Information .....	6
Item 10 - Other Financial Industry Activities and Affiliations .....	6
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	6
Item 12 - Brokerage Practices .....	7
Item 13 - Review of Accounts .....	8
Item 14 - Client Referrals and Other Compensation.....	9
Item 15 - Custody.....	9
Item 16 - Investment Discretion.....	9
Item 17 - Voting Client Securities .....	9
Item 18 - Financial Information .....	9
Item 19 - Requirements for State-Registered Advisers .....	9

**Item 4 - Advisory Business**

Melodeon Capital Partners, LP (“we,” “us,” or “our”) is a Delaware limited partnership that was formed on February 4, 2019.

Following our registration with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”), we expect to provide discretionary investment advice to one or more private funds (each, a “Fund,” and collectively, the “Funds”). The Funds will make investments in a single specialty finance portfolio company and its current and future subsidiaries (the “Portfolio Company”). *(See Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss)*

It is expected that one or more of our related persons will serve as the general partner or managing member of certain of the Funds. We refer to any such general partner or managing member of any Fund as the “General Partner.”

We and the General Partner are ultimately controlled by Halle Benett (the “Principal”).

We generally will not permit investors in the Funds to impose limitations on the investment activities described in the offering documents for the Funds. Under certain circumstances, we may contract with an investor in a Fund to adhere to limited risk or operating guidelines imposed by the Fund. We negotiate such arrangements on a case-by-case basis. *(See Item 16 - Investment Discretion)*

We do not participate in wrap fee programs.

We do not have regulatory assets under management, but we expect to have, within 120 days of the effective date of our initial registration, client assets under management sufficient to allow us to remain eligible for registration with the SEC. We do not expect to manage any assets on a non-discretionary basis.

**Item 5 - Fees and Compensation**

Our fees and compensation will be described in the advisory contracts we enter into with the Funds, as well as in the offering memorandum for each Fund (if applicable). All of the investors in the Funds are expected to be “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “1940 Act”)) or “knowledgeable employees” as defined in Rule 3c-5 promulgated under the 1940 Act.

In general, we will deduct our management fees from each Fund (or subsidiary thereof) monthly in arrears. Management fees paid by a Fund are indirectly borne by investors in such Fund. The governing documents of each Fund will include a more detailed explanation of the amount and manner of calculation of the management fees for such Fund. We will also receive carried interest from each Fund, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management*. While it is not anticipated that we will have separately managed accounts, fees for such accounts would be negotiated on a case-by-case basis.

Each Fund will assume its startup, organizational and offering expenses. In addition, each Fund will bear all expenses relating to it to the extent not borne by its portfolio investments or expressly agreed to be borne by us pursuant to the governing documents of such Fund. These expenses are described more fully in the governing documents of the applicable Fund and may include investment related expenses (including brokerage expenses, when applicable *(See Item 12 “Brokerage Practices” below)*), local and foreign taxes and fees; extraordinary expenses (including litigation, indemnification and contribution expenses); accounting, auditing, consulting, filing, information services and professional fees; auditing

and tax preparation expenses related to the Fund; valuation and administrative expenses; insurance expenses (including for directors' and officers' liability insurance); and expenses relating to meetings of the Fund advisory board, independent fund representatives and/or investors in the Fund, as applicable.

We or our affiliates will internally perform the preponderance of the operational, accounting and information technology services on behalf of the Funds, for which we or such affiliates will be reimbursed by the Funds. The Funds will bear their allocable share of the cost (including employee salaries, bonuses and fringe benefits) of such services, software, or other assets.

We or our affiliates will also perform asset management services with respect to any investment made by the Funds, which services include, among other things, monitoring the financial condition and other relevant operating data of any such investment. Each Fund will bear costs and expenses that are directly attributable to the salaries, bonuses and fringe benefits payable to our (or our affiliates') asset management employees performing asset management services whose work is provided to such Fund and costs and expenses of information systems, software and hardware utilized solely for such Fund in connection with asset management.

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

We will receive periodic carried interest from each Fund. Carried interest is based on a percentage of investment proceeds above certain thresholds upon the distribution of investment proceeds to investors in the applicable Fund. We may, from time to time, elect to reduce, waive or calculate differently the carried interest with respect to any investor in a Fund. The carried interest and all other fees that we will charge will comply with Rule 205-3 of the Investment Advisers Act.

The Funds are our only anticipated clients and they are subject to the same performance-based compensation arrangements. Further, the Funds' investments are expected to be limited to the Portfolio Company. To the extent that we advise additional client accounts in the future with different performance-compensation arrangements, such arrangements could also create an incentive for us to favor accounts with higher compensation rates over other accounts when allocating investments.

#### **Item 7 - Types of Clients**

We expect to primarily provide investment advice to clients that are private funds. The Funds are structured as limited partnerships or similar legal entities which we or our affiliates control. The Funds rely on rules promulgated under the United States federal securities laws that exempt privately offered entities from registration as investment companies. Investors in such private funds are generally institutional investors that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended) and "qualified purchasers" (as defined under the 1940 Act) or "knowledgeable employees" (as defined under the 1940 Act). Prospective investors may be required to meet additional suitability requirements. Investors considering investment in the Funds should consult with their own investment, tax and legal consultants prior to investing. The minimum investment in the private funds is generally expected to be \$10,000,000. We may waive the minimum under certain circumstances in our sole and absolute discretion. We would determine the minimum investment for a separately managed account on a case-by-case basis.

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

##### *Methods of Analysis and Investment Strategies Generally*

The Funds will make investments in the Portfolio Company, which will be primarily engaged in providing pre-settlement advances to consumer plaintiffs and providing loans to law firms collateralized

by fee receivables relating to consumer litigation and related matters. The Portfolio Company's focus will be on investments with actuarially predictable outcomes and strong collateralization.

Our investment strategy for the Funds and the business strategy of the Portfolio Company reflects our view that a finance company, centered on assets for which performance is linked to the outcomes of tort-related consumer litigation may outperform other areas of consumer and commercial finance.

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

*Risk Factors*

An investment in the Funds involves significant risks and other considerations and, therefore, should be undertaken only by prospective investors capable of evaluating and bearing such risks. Each Fund's returns will be unpredictable, and no Fund's investment program will be suitable as the sole investment vehicle for an investor. A prospective investor should only invest in a Fund as part of a broad overall investment strategy, and only if the prospective investor is able to withstand both extended periods of illiquidity and a total loss of the value of its investment in such Fund. An investment in a Fund will involve significant risks and other considerations and, therefore, should be undertaken only by prospective investors capable of evaluating and bearing such risks. A prospective investor should only invest in a Fund as part of a broad overall investment strategy, and only if the prospective investor is able to withstand both extended periods of illiquidity and a total loss of the value of its investment in the Fund. Prospective investors are strongly urged to review the applicable offering memorandum or other governing documents carefully and consult with their own financial, legal and tax advisers before investing in a Fund. These risks include, but are not limited to, the following risks.

*Uncertainty of Projections*

The Funds will make investments in the Portfolio Company. In general, projected operating results of the Portfolio Company will be based primarily on financial projections prepared by the Portfolio Company's management, with adjustments to such projections made by us in our sole discretion. In all cases, projections are only estimates of future results that are based upon information received from the Portfolio Company and third parties and assumptions made at (in whole or in part) the time the projections are developed. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of the Portfolio Company to realize projected values. There can be no assurance that the results set forth in any projections will be attained, and actual results may differ significantly from projections.

*Portfolio Company Management; Reliance on Third-Party Professionals*

The day-to-day operations of each Portfolio Company will be the responsibility of the Portfolio Company's management team. There can be no assurance that the existing management team of the Portfolio Company, or any successor thereto, will be able to successfully operate the Portfolio Company in accordance with the Funds' plans and objectives. Additionally, the Portfolio Company will need to attract, retain, and develop executives and members of its management team. The market for executive talent can be, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that the Portfolio Company will be able to attract, develop, integrate, and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby.

*No Market for Limited Partner Interests; Restrictions on Transfer; No Right of Withdrawal*

Interests in the Funds may not generally be transferred, sold, assigned, pledged or otherwise encumbered without our prior written consent, which may be withheld pursuant to the Funds' governing documents. Voluntary withdrawals from the Funds will not be permitted except in very limited circumstances generally involving situations in which retaining interests in the Funds would violate certain laws or regulations. In addition, interests in the Funds are not redeemable. There will be no public market for interests in the Funds, and none is expected to develop. Interests in the Funds have not been, and are not expected to be, registered under the Securities Act of 1933, as amended (the "Securities Act"), the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be re sold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. It is not contemplated that the registration of interests in the Funds will ever be effected. Investors may not be able to liquidate their investments in the Funds prior to their dissolution and should be prepared to bear the risks of an investment in the Funds for an extended period of time.

### **Item 9 - Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or our management.

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

In some cases, our officers and employees will provide services both to us and to other investment advisers that manage private funds as dual employee and officers. Management of private funds by separate investment advisers could give rise to a variety of potential and actual conflicts of interest. However, we feel that these conflicts are mitigated because, among other things, we and the other advisers do not pursue investments that are expected to be suitable or appropriate for one another's clients. Further, we anticipate that our Code of Ethics (*see Item 11 below*) will be substantially identical to the Code of Ethics adopted by the other advisers for which our employees are also employed.

#### *Services by Related Persons*

As noted above, the General Partner will serve as the general partner or managing member to one or more Funds.

#### *Management of Multiple Funds*

The management of multiple pooled investment vehicles results in a potential conflict of interest when we and our related persons allocate time and investment opportunities among the Funds. For example, our Principal (and/or other related persons) have a greater portion of personal assets invested in certain of the Funds. We feel that these conflicts are mitigated because, among other reasons, the Funds' investments are expected to be limited to the Portfolio Company. (*See Item 6 - Performance-Based Fees and Side-By-Side Management*)

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

#### *Code of Ethics Overview*

We will adopt a Code of Ethics (the "Code of Ethics") which will be designed to ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the client accounts we manage, and that all of our Supervised Persons (as defined in the Code of Ethics) must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we intend to develop

policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics will: (i) govern all personal investment transactions by our Supervised Persons, (ii) contain our policies with respect to gifts and entertainment, (iii) set forth the manner in which violations are to be reported, and (iv) contain our policies regarding certain outside activities of our Supervised Persons. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

#### *Participation in Client Transactions*

We offer to qualified prospective investors the opportunity to invest in the Funds. Our Principal and other management persons will have significant personal investments in these Funds. In addition, we will receive carried interest from these Funds.

We will not effect a principal transaction unless we obtain required consent in accordance with our documented policies and procedures and the relevant Funds' documentation. In addition, as may be set forth in the governing documents of each Fund, approval from such Fund's advisory board, independent directors or independent fund representative, as applicable, is required for certain other related party transactions.

#### *Personal Trading Policy*

Supervised Persons will generally be prohibited from engaging in a personal securities transaction without obtaining pre-clearance, which may be withheld for any reason. Prohibitions relating to personal trading will also generally apply to any spouse or minor child, or an immediate family member of a Supervised Person living in the same household as such Supervised Person.

### **Item 12 - Brokerage Practices**

#### *Selection of Brokers*

The Funds will not typically invest in public securities. However, there may be situations in which we place a trade through a broker. If we are required to select a broker-dealer for a Fund transaction, we will seek "best execution" and will consider a number of factors during such selection, which may include, among others: execution capability, execution quality, commission rate, financial responsibility and financial services offered, willingness and ability to commit capital, confidentiality, trading expertise, facilities, reputation and integrity, reliability in keeping records, responsiveness, and with respect to a particular trade, the timing and size of the order, available liquidity and market conditions.

During our last fiscal year, we did not acquire any products or services with client brokerage commissions (or markups or markdowns).

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

We do not currently have any formal soft dollar arrangements. If we determine to engage in soft dollar transactions in the future, we intend to comply with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

#### *Brokerage for Client Referrals*

To the extent that we trade in securities through brokers and subject to applicable law and consistent with best execution, we may direct some client brokerage business to brokers that refer prospective investors to us and may pay or share amounts we receive as management fees and/or carried interest. Because such

referrals, if any, are likely to benefit us but may only provide an insignificant (if any) benefit to our clients, we may have a conflict of interest with our clients when allocating brokerage business to a broker that has referred investors to us. To mitigate this potential conflict, we will not allocate brokerage business to a referring broker unless we determine in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to our clients. Prime brokers may provide capital introduction services to us. Such services may influence us in deciding whether to engage such prime brokers.

#### *Trade Error Policy*

Our investment personnel may on occasion experience errors with respect to investments made on behalf of clients. Given the nature of the investment program for our clients, the term “trade errors” as used in this section generally refers to investment errors. We will reimburse each client for net losses resulting from trade errors in accordance with the terms of the exculpation provision in such client’s advisory agreement.

#### *Aggregation of Orders*

To the extent we aggregate orders for purchase and sale, we will aggregate such orders as we deem appropriate and in accordance with each client’s governing documents and in the best interest of each client.

### **Item 13 - Review of Accounts**

#### *Review of Accounts*

Our Chief Compliance Officer will be primarily responsible for ensuring that the securities (or other financial instruments) held by the Funds are consistent with the disclosures set forth in the relevant offering documents. In addition, our Principal or our Chief Compliance Officer will regularly review the Funds’ portfolio holdings to determine that the securities (and other financial instruments) held by the Funds remain consistent with their investment objectives and guidelines.

#### *Reporting*

We may, in our discretion, furnish investors in the Funds with periodic written unaudited performance reports on a monthly or quarterly basis. On an annual basis, we provide investors with a copy of the relevant Fund’s annual audited financial statements and, if applicable, a statement of taxable income (Schedule K-1).

We may provide certain investors (pursuant to a side letter or otherwise) with access to more frequent and/or more detailed information regarding the Funds’ holdings, performance, finances, and management and/or other information about the Funds or us (including notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against a Fund, us and/or our personnel, or of withdrawals from a Fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

In addition, investors may be provided with certain information about us and the Funds in response to questions and requests. Although we may not distribute such information to other investors or prospective investors, it will generally be available onsite for all relevant investors upon request. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.



**Item 14 - Client Referrals and Other Compensation**

Currently, we do not use any third parties for client or investor referrals.

**Item 15 - Custody**

For purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), we are deemed to have custody over the Funds’ assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors as long as: (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds’ audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) we deliver such annual audited financial statements to investors within 120 days after the end of each Fund’s fiscal year.

**Item 16 - Investment Discretion**

We have discretionary authority to manage securities accounts on behalf of our clients. The investors in the Funds generally may not place any limits on our authority beyond the limitations set forth in the offering and governing documents of such Funds.

**Item 17 - Voting Client Securities**

To the extent that we trade in public securities for client accounts, we will generally have voting discretion over such securities. Clients are generally not able to direct their votes in a particular situation. We will adopt proxy voting policies and procedures, which are summarized below.

In the absence of specific voting guidelines from the client or conflicts of interest, we will vote all proxies in the best interests of each client, which may result in different voting results for proxies for the same issuer. In addition, we may determine to abstain from voting a proxy if we believe that such action is in the best interests of a particular client. We may take into account the following factors, among others, in determining if a specific proposal is in the best interests of a particular client: (i) management of the issuer’s views and recommendations on such proposal; (ii) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders’ concerns (e.g., instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and (iii) whether we believe that the proposal will fairly compensate management for its and/or the issuer’s performance. If we deem that the issue being voted upon is not material for us and our clients, we will not be obligated to vote on such matter.

Upon the request by a client, we will disclose to such client how we voted proxies for securities owned by such client. We will also provide a copy of our proxy voting policies and procedures to clients upon request.

**Item 18 - Financial Information**

We are not required to include our balance sheet for our most recent fiscal year with this Form ADV, Part 2A.

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

We are not a state-registered adviser.