

## **Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of WhiteStar Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at: 561-999-9949, or by email at: [jbishop@whitestarllc.com](mailto:jbishop@whitestarllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

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

June 20, 2014

## Material Changes

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 561-999-9949 or by email at: [jbishop@whitestarllc.com](mailto:jbishop@whitestarllc.com).

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# Advisory Business

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## Firm Description

WhiteStar Advisors, LLC, ("WhiteStar") was founded in 2002.

WhiteStar provides specialized confidential investment management to pension and profit sharing plans, trusts, and estates. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, real estate development analysis, project specific tax planning, project specific insurance reviews, and investment management.

WhiteStar is strictly a fee-only investment management firm. The firm does not receive commissions for purchasing or selling annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Investment advice is an integral part of the firm's business.

WhiteStar acts as a discretionary investment manager and a qualified professional asset manager. The client always maintains overall asset control.

A written evaluation of each client's initial situation is provided to the client, and periodic reviews are also communicated to (i) report current performance information and (ii) provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client or by WhiteStar on the client's behalf, on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which WhiteStar's investment management may be beneficial to the client.

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## Principal Owners

WhiteStar Holdings, LLC is a 50% owner of WhiteStar Advisors, LLC and Lundsten-O'Donnell Advisory Group, LLC a 50% owner.

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## Types of Advisory Services

WhiteStar provides investment supervisory services, also known as asset management services; manages investment advisory accounts involving

investment supervisory services; and furnishes investment advice through consultations.

Typically, WhiteStar furnishes advice to clients on matters not involving securities, such as real estate investments, development projects and real estate related loans.

WhiteStar does not provide a timing service.

As of June, 20, 2014, WhiteStar manages approximately \$1,205,680,103 in assets for approximately twenty-five clients. Approximately \$680,680,103 is managed on a discretionary basis, and approximately \$525,000,000 is managed on a non-discretionary basis.

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### **Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objectives of each client. Clients may impose restrictions on investing in certain types of assets.

Investment Management Agreements may not be assigned without client consent.

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### **Types of Agreements**

The following agreements define the typical client relationships.

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#### **Investment Management Agreement**

*An Investment Management Agreement, which may include asset management services, or an independent fiduciary agreement is executed with every client. The annual fee for such services is NEGOTIABLE.*

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#### **Asset Management**

Assets are invested primarily in real estate and real estate related projects and developments and real estate related loans.

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#### **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time, upon proper notice as set forth in the investment management agreement or the independent fiduciary agreement, by notifying WhiteStar in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, WhiteStar will refund any unearned portion of the advance payment.

WhiteStar may terminate any of the aforementioned agreements at any time by notifying the client in writing in accordance with the terms of the investment management agreement or independent fiduciary agreement. If the client

made an advance payment, WhiteStar will refund any unearned portion of the advance payment.

## Fees and Compensation

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### Description

WhiteStar bases its fees primarily on a percentage of assets under management, hourly charges, or fixed fees.

Some *Agreements* may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

Fees are *NEGOTIABLE*.

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### Fee Billing

Investment management fees are billed quarterly, either in *ADVANCE* or in *ARREARS*, meaning that we invoice you either *BEFORE* or *AFTER* the three-month billing period has *BEGUN* or *ENDED*, depending on the terms of the specific agreement with each client.

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### Other Fees

Not applicable.

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### Expense Ratios

Not applicable.

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### Past Due Accounts and Termination of Agreement

WhiteStar reserves the right to terminate any engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in WhiteStar's judgment, to providing the services set forth in the agreement with each client. Any unused portion of fees collected in advance will be refunded within ten days.

## Performance-Based Fees

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### Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

WhiteStar does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.



## Types of Clients

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### Description

WhiteStar generally provides investment management services to pension and profit sharing plans, trusts and estates.

Client relationships vary in scope and length of service.

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### Account Minimums

The minimum account size is \$1,000,000 of assets under management, which equates to an annual fee which varies depending on the negotiated amount set forth in the particular investment management agreement or independent fiduciary agreement.

When an account falls below \$1,000,000 in value, the applicable agreement may be terminated and any advanced payment returned to the client pro rata.

## Methods of Analysis, Investment Strategies and Risk of Loss

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### Methods of Analysis

Analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis, as well as micro and macro economic analysis of the particular project or investment.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, appraisals, feasibility studies and other third party reports in connection with real estate related projects and loans.

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### Investment Strategies

The primary investment strategy used on client accounts is direct investment in real estate related projects and developments and real estate related loans.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations and the investment guidelines incorporated into each client agreement. The client may change these objectives at any time. Each client executes an Investment Management Agreement that documents their objectives and their desired investment strategy.

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### Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds and other fixed income instruments become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, mutual fund or real estate project may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

Not applicable.

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### Affiliations

WhiteStar has no arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

## Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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### Code of Ethics

The employees of WhiteStar have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### Participation or Interest in Client Transactions

Not applicable. WhiteStar does not deal in, invest client funds in or transact business in publicly traded securities.

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### Personal Trading

The Chief Compliance Officer of WhiteStar is James Bishop. WhiteStar does not deal in, invest client funds in or transact business in publicly traded securities.

## Brokerage Practices

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### Selecting Brokerage Firms

WhiteStar does not have any affiliation with product sales firms. The firm does not make specific custodian recommendations or broker recommendations.

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### Best Execution

Not applicable. WhiteStar does not deal in, invest client funds in or transact business in publicly traded securities.

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**Soft Dollars**

Not applicable. WhiteStar does not deal in, invest client funds in or transact business in publicly traded securities.

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**Order Aggregation**

Not applicable. WhiteStar does not deal in, invest client funds in or transact business in publicly traded securities.

## **Review of Accounts**

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**Periodic Reviews**

Account reviews are performed quarterly by James Bishop, John Lundsten and Daniel K. O'Donnell. Account reviews are performed more frequently when market conditions dictate.

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**Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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**Regular Reports**

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current investment positions and the likelihood that the performance of each investment will contribute to the investment objectives of the client.

All clients receive periodic written communications on at least a quarterly basis. The written updates may include a portfolio statement, project level tax returns prepared by a qualified, unaffiliated accounting firm (if the client requests tax preparation services), and a summary of objectives and progress towards meeting those objectives.

## **Client Referrals and Other Compensation**

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**Incoming Referrals**

WhiteStar has been fortunate to receive many client referrals over the years. The referrals came from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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**Referrals Out**

WhiteStar does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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**Other Compensation**

No applicable.

## Custody

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**SEC “Custody”**

From time to time, WhiteStar may be considered to have custody of certain types of accounts, such as when an employee acts as a trustee of an unrelated trust and the firm acts as the investment adviser to that trust. When the firm has such custody, an annual surprise audit of those custodied accounts is performed by an independent CPA firm in compliance with SEC requirements.

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**Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by WhiteStar, at each quarterly client meeting.

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**Net Worth Statements**

Not applicable.

## Investment Discretion

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**Discretionary Authority for Trading**

Not applicable. WhiteStar does not engage in securities trading.

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**Limited Power of Attorney**

Not applicable. WhiteStar does not engage in securities trading.

## Voting Client Securities

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**Proxy Votes**

Not applicable. WhiteStar does not invest client assets in publicly traded securities. Clients are expected to vote their own proxies.

## Financial Information

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### Financial Condition

WhiteStar does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because WhiteStar does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Business Continuity Plan

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### General

WhiteStar has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

### Loss of Key Personnel

WhiteStar has not signed a Business Continuation Agreement with another financial advisory firm to support WhiteStar in the event of the simultaneous serious disability or death of all three of the firm's principals.

## Information Security Program

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### Information Security

WhiteStar maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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## Privacy Notice

WhiteStar is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

WhiteStar requires that advisors in its employ have at least a bachelor's degree. Further coursework demonstrating knowledge of financial planning and tax planning is encouraged. Additionally, advisors must have work experience that demonstrates their aptitude for investment management.

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### Professional Certifications

Not applicable.

## Principals' Biographies

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### JAMES E. BISHOP

Co-founder and Managing Director. Prior to the founding of WhiteStar Advisors, Jim served as a senior officer and investment banker at E.F. Hutton & Company, Inc., where he was instrumental in the financing and development of real estate (particularly hotels), energy and infrastructure projects. Later, he was a founder and CEO of Oxbridge Partners, a New York based merchant banking firm that specialized in complex cross-border transactions involving loans, real estate, energy, transportation, and infrastructure. Following the sale of Oxbridge Partners, Jim served as President of Janus Industries (the ocean shipping company formerly known as United States Lines), which he transitioned into a hotel and real estate development company, and as President of a California based company providing technical services for oil and gas well drillers and producers in the United States, Canada, South America and southern Africa, as well as a member of the board of directors of Gunther International, Ltd., Capital City Energy Group, Janus Industries, Inc., Janus Hotels and Resorts, Inc., Caribbean Clubs International, Inc., and as a member of the advisory board of Paradise Bank. He has been responsible for the successful restructuring of a number of corporate enterprises and investment partnerships and trusts, including Gunther International, Janus Industries, Pre-Tek Wireline and KFE Group. Jim earned a degree in finance (secondary emphasis in economics and accounting) from Georgia State University and a Juris Doctorate from Concord University School of Law, holds a Florida real estate broker's license and is a member of the Pension Real Estate Association.

### JOHN M. LUNDSTEN

Co-founder and Managing Director. John has served in a variety of commercial real estate management roles, and as a fiduciary for more than forty years since the 1960's. As an officer of such firms as Tishman Realty, Ogden Development, Koll Management Services and Karsten Institutional Realty Advisors, John has been involved with large-



scale, commercial real estate and hospitality projects focusing exclusively on asset management and construction projects for institutional investors, serving as project manager, investment officer, asset manager and managing principal. Mr. Lundsten provides extensive experience in investment strategies, portfolio analysis, asset management and disposition. Additionally he served for six years as a founding director and committee chair of the Pension Real Estate Association ("PREA"). John's projects have included investments such as the Inter-Continental Hotel and office complex at Miami Center, the Hyatt Regency, Los Angeles, the Ritz-Carlton Hotel and golf courses at Half Moon Bay, California, and casino/hotels in Las Vegas and Reno, Nevada. John received both his undergraduate and Master's degrees from the University of Illinois at Urbana / Champaign, majoring in Biology and Educational Psychology.

**DANIEL K. O'DONNELL**

Co-founder and Managing Director. After six years as a professional soccer player, Dan resumed his business career as Controller of CRD Campbell, Inc., an architectural and engineering firm in St. Louis. He moved to South Florida in 1997 as Controller of Xplanation Corporation where he gained additional skills in computer software, hardware, web design and network systems. In 1999, Dan moved into the real estate development and management arena as an accountant and assistant to the Controller of Altman Development Corporation, the Boca Raton based commercial real estate development firm. In 2002, Dan joined (now) Lundsten-O'Donnell Advisory Group, LLC ("LOD"), as Vice President of Financial Services. LOD, as an affiliate of WSA, offers hands-on owner's representative services for complex real estate investments that require day-to-day management expertise. Those assignments have included the management of the conversion and sell-out of a 200 unit luxury condominium in Highland Beach, Florida. Dan is knowledgeable in the use of advanced investment analysis software including Argus and Yardi. Dan received a Bachelor's Degree in Business Administration from the University of Evansville, in Indiana, where he was a soccer scholarship recipient.