

# Form ADV Part 2A Brochure

Verdeam, LLC

(F/K/A Palm Advisors, LLC)

2506 West Main St., Suite 250

Littleton, CO 80120

303-962-3500

August 4, 2011

This Brochure provides information about the qualifications and business practices of Verdeam, LLC (Verdeam), formerly known as Palm Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 303-962-3500. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Verdeam is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain an Adviser.

Additional information about Verdeam is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated August 4, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and will provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

In the past we have been required to offer or deliver information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will deliver to you a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting us at (303) 962-3500.

Additional information about Verdeam is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Verdeam who are registered as investment adviser representatives of the firm.

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#### **Item 4 – Advisory Business**

Verdeam, LLC (Verdeam), CRD # 128442, which was formerly known as Palm Advisors, LLC, is registered as an investment adviser with the United States Securities and Exchange Commission. Verdeam is based in and organized as a limited liability company under the laws of the State of Colorado and the United States of America. The firm has been in business since 2003 and currently has 5 employees.

Verdeam's principal office and place of business is located at 2506 West Main St., Suite 250, Littleton, Colorado 80120. Regular business hours are from 8:00am to 5:00pm Monday through Friday. The firm can be contacted by phone at (303) 962-3500 and by fax at (303) 962-0307. The firm's web address is [www.verdeam.com](http://www.verdeam.com).

The firm also maintains an office at 400 Galleria Parkway, Suite 1500, Atlanta, Georgia 30339. The phone number at that location is (678) 385-6508.

Carl G. de Rozario is a co-founder and Managing Partner of Verdeam. He is also a part owner of VCM, LLC, a holding company which owns Verdeam.

Lawrence A. Aubrecht is a co-founder and Managing Director of Verdeam, and a part owner of VCM, LLC.

Charles C. Hibben is the Chief Compliance Officer of Verdeam and a part owner of VCM, LLC.

Verdeam manages private investment partnerships and other pooled investment funds on a discretionary basis. The firm's primary investment focus is designing strategies using fixed income investments collateralized by various government agencies.

Verdeam also provides portfolio accounting and valuation services. Specifically, the company designed and developed a proprietary portfolio tracking system designed to track a wide range of loan characteristics, to provide real time portfolio pricing and analytics, and other specialized portfolio accounting services.

As of February 28, 2011 Verdeam managed approximately \$104,400,000, all of which was on a discretionary basis.

## **Item 5 – Fees and Compensation**

Verdeam charges an asset based management fees with a separate performance incentive.

Verdean's asset based fees are generally 2% per year, but may be negotiable in certain instances. The fee is generally deducted from the fund on a monthly basis in arrears. Partial periods are prorated.

Regarding the performance incentive fee, Verdeam generally receives a percentage of profits only after investors have received all equity investments plus a preferred return, usually 10%. After achieving this floor, asset based fees cease and Verdeam receives incentive fee in lieu of asset based fee.

With respect to non advisory portfolio accounting and valuation services, Verdeam fees vary based on the individual needs of the client.

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

Verdeam may in limited instances charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), as described in Item 5 above. Such arrangements are only made with qualified clients, and the terms of which are negotiable and may vary. All such arrangements are documented in writing in the client agreement and are made consistent with securities laws.

The nature of performance fees creates a potential conflict of interest between Verdeam, its associated persons, and clients. For example, such fees may cause Verdeam and its associated persons to engage in transactions or strategies which will increase the amount of the performance fees, but which may not increase the overall performance of the client's account. To minimize this conflict of interest, Verdean's performance fee is usually earned only when the account performance is positive and account performance exceeds an agreed-upon hurdle rate.

A performance fee may also encourage Verdeam to make riskier and more speculative investments. To minimize this conflict of interest, Verdean's performance-based fee schedule will usually include a base fee calculated on assets under management so that

Verdean's incentive to grow capital is appropriately balanced with an incentive to preserve capital.

Verdeam does not represent that the amount of the performance fees or the manner of calculating the performance fees is consistent with other performance-related fees charged by other investment advisers under the same or similar circumstances. The performance fees charged by Verdeam may be higher than the performance fees charged by other investment advisers for the same or similar services.

### **Item 7 – Types of Clients**

Verdeam provides investment management services to various limited partnership pooled investment funds for which Verdeam may or may not serve as general partner.

Verdeam may, at its discretion, provide services directly to investors.

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

Verdean's investment strategy is to make investments in undervalued cash flows found in a variety of asset classes including, but not limited to fixed income securities and real estate. To implement our strategy, we analyze, value, and manage fixed income instruments collateralized by various government agencies such as Sallie Mae, the Small Business Administration ("SBA"), and other asset backed receivables. Verdeam uses a proprietary model for the evaluation of various fixed income assets.

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

For example, investing in this manner exposes investors to risks such as illiquidity, refinancing, and default.

In addition, investing in general exposes investors to various other risks including market risk, interest rate risk, currency risk, and political risk, among others.

No investment or investment strategy can assure a profit or avoid a loss.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. Verdeam is currently not subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

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

VCM, LLC, Verdeam's parent company, also owns Verdeam Investment Management, LLC, a separate firm which acts as a General Partner for two investment partnerships managed by Verdeam.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

Verdeam has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Verdeam's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. Verdeam will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer.

### **Trading Conflicts of Interest**

Individuals associated with Verdeam may make recommendations to clients related to pooled investment funds with which they are associated. In addition, associated individuals are permitted to buy or sell securities for their personal accounts identical to or different than those recommended to clients. Recommendations and transactions such as these may create an incentive for the individual to act in his own best interest rather than that of the client.

Verdeam prohibits associated persons to favor his or her own interest over that of a client, or to make personal investment decisions based on the investment decisions of clients.

In order to address these and other potential conflicts of interest, Verdeam requires that associated persons with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. Verdeam also requires prior approval from the Chief Compliance Officer for investing in any IPOs or private placements (limited offerings).

## **Item 12 – Brokerage Practices**

### **The Custodian and Brokers We Use**

Verdeam does not maintain custody of client assets. Instead, we require all client assets be maintained in an account at a non affiliated “qualified custodian,” generally a broker-dealer or bank. The custodian will hold the assets in an account and will buy and/or sell securities either themselves or through outside brokers upon our instructions.

### **How We Select Custodians and Brokers**

When selecting a custodian or broker for our clients, we consider many different factors including quality of service, types of services offered, overall capability, execution quality, competitiveness of transaction costs, availability of investment research, reputation and stability of the firm, their financial resources, and stability, among other things. In determining the reasonableness of a broker’s compensation, we consider the overall cost relative to the benefits received, both directly and indirectly, from the broker.

Verdeam does not engage in or participate in soft dollar arrangements, i.e. direct client brokerage trades to broker/dealers in exchange for soft dollar research credits.

## **Item 13 – Review of Accounts**

### **Reviews of Accounts**

Client pooled funds are supervised continuously by the principals of Verdeam. In addition to ongoing supervision, pooled funds are generally reviewed more formally on a monthly basis. The monthly review generally includes assessing fund goals and objectives,



evaluating the employed strategy, monitoring the portfolio, and addressing the need to rebalance.

Additional reviews may be triggered by a change in the fund's goals or objectives, by an imbalance in a portfolio asset allocation, or by market or economic conditions.

### **Regular Reports Provided to Clients**

Pooled fund members are provided with account statements from the fund's general partner on a monthly basis which includes an NAV summary, an earnings summary for the entire portfolio, individual statements, and cumulative balances. Verdeam may also provide periodic performance analysis.

Members will also receive an annual report prepared by an independent auditor.

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

Verdeam may however pay individuals or other professional entities to refer clients to one or more of the pooled investment funds via a Solicitor's Agreement. Such agreements are structured to be in compliance with applicable securities laws. Each client is provided a disclosure statement prior to or at the time of investing into one of the funds which describe the specific compensation arrangement. The advisory fee charged to the pooled investment fund will not increase as a result of the referral arrangement.

Verdeam does not receive outside economic benefits (sales awards, prizes, etc.) in connection with providing services to clients.

### **Item 15 – Custody**

As noted in Item 12, Verdeam does not directly hold client funds or securities. All assets are held by outside custodians. Although Verdeam does not directly hold client funds or securities, an affiliate of Verdeam, Verdeam Investment Management, LLC, functions as general partner of two limited partnerships, which gives VIM some access to client funds and securities.

Partnership assets are typically held by Bank of New York or UMB. Partnership bank accounts are managed by an independent administrator who provides partnership financial statements and investor account statements at least quarterly. At year end, monthly financial statements are reviewed by an independent auditor and K-1 tax statements are issued by the Partnership's tax accountants.

#### **Item 16 – Investment Discretion**

Verdeam accepts full discretionary authority to manage securities accounts on behalf of various pooled investment funds.

When granted authority to manage a fund, Verdeam customarily has the authority to determine which securities and the amounts that are bought or sold. Any discretionary authority accepted by Verdeam however is subject to the fund's written investment objectives.

Verdeam will not exercise any discretionary authority until it has been given authority to do so in writing. Such authority is granted in the written agreement between Verdeam and the fund.

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

Verdeam does not vote proxies on behalf of clients.

#### **Item 18 – Financial Information**

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance or has custody of client funds, it is required to disclose any condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

Verdeam has no financial or operating conditions which trigger such additional reporting requirements.

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

As an SEC registered firm, this Item is not applicable.

# **Form ADV Part 2B Brochure Supplement**

**Carl G. de Rozario**

**Verdeam, LLC**

**2506 West Main St., Suite 250**

**Littleton, CO 80120**

**303-962-3500**

**August 4, 2011**

This Brochure Supplement provides information about Carl G. de Rozario that supplements the Verdeam, LLC (Verdeam) Brochure which you should have received. Please contact us at the above number if you did not receive the Verdeam Brochure or if you have any questions about it or the contents of this supplement.

Additional information about Mr. de Rozario is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2- Educational Background and Business Experience**

Carl G. de Rozario, born in 1958, is a co-founder and currently serves as the Managing Partner of the firm.

Prior to joining in the formation of Palm Advisors, LLC, Verdeam predecessor, Mr. de Rozario was the President and Chief Executive Officer of First Matrix Investment Services, Matrix Capital Markets and Matrix Asset Management. Mr. de Rozario has over twenty eight years of experience in the securities industry, having specialized in a broad range of mortgage related securitizations.

Mr. de Rozario served as Vice President of Structured Finance for U.S. Bancorp Investments where he underwrote asset and mortgage-backed transactions, which included the financing of subordinated whole loan derivatives. In 1993, Mr. de Rozario founded Lewis, de Rozario and Company, a Denver based NASD member broker-dealer, where he served as President and Managing Director of Fixed Income Trading. Mr. de Rozario also served as Vice President of Capital Markets for First Interstate Bank of Denver, where he oversaw all trading activities and managed a \$400 million government bond and mortgaged-back arbitrage trading account.

Mr. de Rozario received a Bachelor of Science in Economics with a concentration in Finance from Colorado State University in 1983.

## **Item 3- Disciplinary Information**

Mr. de Rozario is currently not subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

## **Item 4- Other Business Activities**

Through his ownership of VCM, LLC, Mr. de Rozario is an indirect owner of Verdeam Investment Management, LLC, a firm which acts as a General Partner for two investment partnerships managed by Verdeam.

### **Item 5- Additional Compensation**

Mr. de Rozario does not receive any economic benefits, sales awards, or other compensation in connection with providing advisory services to clients.

### **Item 6 - Supervision**

Mr. de Rozario is a co-founder and Managing Partner of the firm, consequently he does not report to a supervisor.

### **Item 7- Requirements for State-Registered Advisers**

State registered investment adviser representatives are required to disclose all material facts regarding certain legal, disciplinary or financial events that would be material to the evaluation of the representative. Mr. de Rozario is currently not subject to, nor has ever been subject to, any legal, disciplinary or financial events of this nature.

# **Form ADV Part 2B Brochure Supplement**

**Lawrence A. Aubrecht**

**Verdeam, LLC**

**2506 West Main St., Suite 250**

**Littleton, CO 80120**

**303-962-3500**

**August 4, 2011**

This Brochure Supplement provides information about Lawrence A. Aubrecht that supplements the Verdeam (Verdeam) Brochure which you should have received. Please contact us at the above number if you did not receive the Verdeam Brochure or if you have any questions about it or the contents of this supplement.

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

## **Item 2- Educational Background and Business Experience**

Lawrence A. Aubrecht, born in 1950, is a co-founder of the firm and currently serves as the Managing Director of the firm.

Prior to co-founding the firm, Mr. Aubrecht was Vice President of Structured Finance at First Matrix Investment Services. Mr. Aubrecht also served as Vice President for US Bancorp Investments and US Bancorp Piper Jaffray where he structured and managed the operations of municipal and mortgage related trusts.

Mr. Aubrecht received a Bachelor of Science Degree from the United States Military Academy at West Point and an MBA in Finance and Accounting from Regis University.

## **Item 3- Disciplinary Information**

Mr. Aubrecht is currently not subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

## **Item 4- Other Business Activities**

Through his ownership of VCM, LLC, Mr. Aubrecht is an indirect owner of Verdeam Investment Management, LLC, a firm which acts as a General Partner for two investment partnerships managed by Verdeam.

Mr. Aubrecht also provides financial analysis and other general financial consulting services to other non affiliated entities through an entity know as LGF Consulting, LLC.

Mr. Aubrecht currently serves on the board of BRI, an organization that assists seniors with low income housing and a variety of in-home services, and is on the Investment Oversight Committee at Regis University. He receives no compensation of these activities.

## **Item 5- Additional Compensation**

Mr. Aubrecht does not receive any economic benefits, sales awards, or other compensation in connection with providing advisory services to clients.

## **Item 6 - Supervision**

Mr. Aubrecht is a co-founder and Managing Director of the firm, consequently he does not report to a supervisor.



### **Item 7- Requirements for State-Registered Advisers**

State registered investment adviser representatives are required to disclose all material facts regarding certain legal, disciplinary or financial events that would be material to the evaluation of the representative. Mr. Aubrecht is currently not subject to, nor has ever been subject to, any legal, disciplinary or financial events of this nature.