

Form ADV Part 2A  
Investment Adviser Brochure

Revised August 2014

**New Line Capital, LLC**

Physical address:  
64 County Road 67-F  
Santa Fe, NM 87505

Mailing Address:  
P.O. Box 2778  
Santa Fe NM 87504

Contact information / questions:  
(505) 989-7211

This brochure provides information about the qualifications and business practices of New Line Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (505) 989-7211. 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 New Line Capital, LLC, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

### Annual Update

This section of our brochure will be updated annually when material changes occur since the previous release of our brochure dated February, 2014.

### Material Changes since the Last Update

New Line Capital, LLC, has changed its principal place of business from Larimie, Wyoming to Santa Fe, New Mexico. As a result, New Line Capital is now a registered investment adviser in the State of New Mexico and its mailing and physical address has changed accordingly.

### Full Brochure Available

If you would like to receive a complete copy of our most recent brochure, please contact us at: (505) 989-7211.

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## Advisory Business

We are an investment adviser registered with the State of New Mexico beginning in 2014, and were previously directly registered with the Securities and Exchange Commission ("SEC"). We provide investment advisory services primarily to individuals and their trusts, estates, and charitable organizations. We also provide advice to businesses as well as to pension and profit sharing plans. Advice and recommendations are tailored to the individual needs of our clients. Clients may impose restrictions on investing in certain securities, industries, and counties, pursuant to certain Full Discretionary Trading Authorizations signed by each client.

As of August 1, 2014, we had approximately \$17,138,809.00 under management on a discretionary basis and \$8,464,197.00 under management on a non-discretionary basis.

We were formed in January 2007 and are privately owned by David A. Nagler.

## Fees and Compensation

The basic fee schedule, which is negotiable, is:

<u>Assets under Management per Household</u>	<u>Fee Rate</u>
Less than \$500,000	1.50%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 and above	1.00%

Fees quoted are annual and charged quarterly in advance. We also typically charge a minimum annual fee of \$10,000, though this minimum may also be negotiable at our discretion. At inception, an initial partial calendar quarter and at the next full calendar quarter fees will be charged. After the first full quarter's fees are paid, subsequent quarterly fees may reflect a proportional amount of the \$10,000 minimum annual fee.

For services rendered in connection with advising clients on matters not involving securities and furnishing investment advice through consultants not included in managing the investment advisory accounts, we charge \$250 per hour plus expenses, if any, with a minimum retainer of six hours per quarter.

A client may terminate the advisory relationship at any time by submitting written notice. If we receive notice of termination within five (5) business days of the signing of the advisory agreement, services will be terminated without penalty (*i.e.*, no fees are due and any fees already paid will be returned to the client). Termination of services will not affect the liabilities or obligations of the parties arising out of transactions initiated prior to termination. All written notices of termination under the advisory

agreement shall be delivered by hand, first class mail, e-mail, facsimile transmission, or by certified mail to the addresses set forth in the advisory agreement.

We shall never have custody, except for authorized fees, of any client funds or securities, as the services of a qualified and independent custodian will be used for these asset management services. In addition to our fees, clients' assets may be subject to custodial fees, transaction fees, and mutual funds fees such as "12b-1" fees. We do not share in any portion of the brokerage fees/transaction charges imposed by the custodian. Clients may at their option purchase investment products through other brokers or agents that are not affiliated with us.

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

We do not charge performance-based fees, which are fees based on a share of capital gains on or capital appreciation of client assets.

### **Types of Clients**

We provide investment advisory services primarily to individuals and their trusts, estates, and charitable organizations. We also provide advice to businesses as well as to pension and profit sharing plans. We have a minimum investment per household of \$1 million. This may, however, be negotiated at our discretion.

### **Method of Analysis, Investment Strategies and Risk of Loss**

We employ a number of different security analysis methods including fundamental, charting, and technical and cyclical analysis. Our main sources of information include research materials prepared by others and financial publications. We use corporate rating and timing services, and we also may review Annual Reports, prospectuses, SEC filings, and company press releases. We may review companies' financial statements, management, competitors and markets. We also consider the industry, economy, political and competitive advantages of investments. We advise on a number of types of investments including exchange-listed securities, over-the-counter securities, foreign issuer securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, variable life insurance, variable annuities, mutual fund shares, U.S. government securities, options, partnership interests in real estate and oil and gas, Rule 144 transactions, and 10b5-1 plans. We may advise clients on any other type of investment deemed appropriate based on the client's stated goals and objectives.

Our investment strategies are based upon each client's stated objectives. We may use any of the following investment approaches to implement our investment advice: long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), trading (securities sold within 30 days), and short sales. We also conduct option trading and engage in margin transactions for appropriate clients.

All investments bear risk. Therefore, clients must understand that investing involves the risk of reduction in value of their portfolio, including the possible loss of principal. The actual total return and principal value will fluctuate so that the account values, when redeemed, may be worth more or less than their original cost. We do not generally structure portfolios to avoid short-term losses in net assets due to short-term fluctuations in the financial markets. We do not and cannot control markets nor can we prevent short-term fluctuations in security values.

Option trading involves a risk of losing an entire investment in a short amount of time so is not appropriate for all investors. Clients should be aware that short term purchases and frequent trading may result in increased brokerage fees and increased trading costs and taxes. Short sales also have the risk of large losses. Investing in any security involves risk that clients must be prepared to bear.

### **Disciplinary Information**

Investment advisors are required to disclose legal or disciplinary events material to a client's evaluation.

In 2007, the National Association of Securities Dealers initiated a regulatory action against David Nagler alleging that Mr. Nagler borrowed \$3,000 from a friend and client without permission of his employer at the time, Citigroup (Smith Barney) and Morgan Stanley. Mr. Nagler was not aware at the time of the loan that it was against firm policy to borrow money from clients, and the loan was repaid with interest, in less than thirty days, to the satisfaction of the client. It was also alleged that Mr. Nagler misrepresented the reason for termination, but Mr. Nagler disputes this allegation. These matters were settled without an admission or denial of the allegations, and Mr. Nagler was suspended for 20 days and fined \$10,000, the imposition of which were suspended until such time as Mr. Nagler seeks reassociation with a Financial Industry Regulatory Authority Member firm.

In 2002, Mark Boutote, Sr. was the subject of a censure issued by the New York Stock Exchange Division of Enforcement dated October 24, 2002. It was determined that Mr. Boutote had violated a rule by compensating an employee of another organization in excess of \$200 per year for services rendered without the prior written consent of the other employee's firm. The unanimous hearing panel expressly noted that the other organization was aware of the arrangement, and that Mr. Boutote had received oral permission to compensate the employee. Mr. Boutote was unaware at the time that any further consent was required beyond the oral consent of the other firm.

### **Other Financial Industry Activities and Affiliations**

We are not and individuals associated with us do not have any material relationship or arrangement with any broker-dealer or any other financial industry entity.

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

We have adopted a code of ethics that sets forth standards of conduct and required compliance with securities laws. A copy of our code of ethics is available to any client or prospective client upon request.

We may buy or sell securities that we also recommend to clients. That creates a conflict of interest. In such case, client transactions are always made first. We have a duty to clients to exercise our authority and responsibility for the benefit of our clients, to place client interests first, and to refrain from having outside interests that conflict with client interests. We must avoid any circumstances that might adversely affect or appear to affect our duty of complete loyalty to our clients.

We have a policy of periodically reviewing personal securities transactions to ensure that our policies are followed and client interests are placed first.

## **Brokerage Practices**

We may suggest the broker or dealer to be used for transactions, custody and most clearing. From time to time, we may affect transactions at brokerage firms other than a client's principal custodian, through a prime broker service. We suggest brokerage firms based on their platform's size, capacity, name recognition, and commission rates that are beneficial to clients. Moreover, we consider which firms provide the best execution and service for client transactions. "Best execution" is determined on a trade-by-trade basis, and should result in the best qualitative execution, not necessarily the lowest possible commission cost. In determining which broker-dealers provide clients the best service, we consider the full range and quality of a broker-dealer's services, including, but not limited to, execution capability, the value of research provided, commission rates, financial responsibility and resources, and responsiveness to us and effectiveness in clearing and settling trades.

We receive various services, research, and products from various firms, including trading platforms, which allow us to provide services to our clients. This may create an incentive for us to recommend a firm and is a conflict of interest. We have a fiduciary duty to our clients and put our clients' interests first.

Clients have the final authority of where their assets are to be held. Clients may direct us to use one or more particular brokers for the transactions in their accounts. Clients who want to use a particular broker should understand that this may impact cost. This arrangement may also prevent us from obtaining the most favorable net price and execution. Therefore, when directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that we would otherwise obtain for our clients.

We may aggregate multiple orders of the same security. This is commonly known as

“block trading”. Typically, we will decide to block trade when doing so will reduce the costs of the transaction for our clients. Each client participating in the block trade receives the same price per share, which is the average price per share, and pays a proportionate share of the transaction costs. Accounts owned by us or individuals associated with our firm may participate in block trading with client accounts; however, they will not be given preferential treatment. Moreover, our policy forbids New Line Capital or any of its employees from purchasing or selling any given security within two business days before any client.

### **Review of Accounts**

David Nagler reviews all client accounts under our management no less than monthly, and more typically, weekly. Reviews assess gains and losses in individual positions and the portfolio, and security and sector concentration. Reviews are triggered by any purchase or sale of a holding as well as events likely to materially influence markets or upon request.

The custodian of the clients’ accounts will send statements to clients at least monthly. Clients may also at their option review their accounts on-line.

### **Client Referrals and Other Compensation**

We do not receive any economic benefits (other than normal compensation) from any person for providing our services. We do not receive fees from other professionals for referrals we may provide.

### **Custody**

We do not have custody of client assets except to the extent that clients may authorize us to debit fees directly from their accounts. In that case, the client must provide written authorization permitting the custodian to debit our fees from the client’s account. The custodian will send monthly statements to clients.

### **Investment Discretion**

We are authorized to purchase and sell securities consistent with the client's stated investment objectives and risk tolerance pursuant to the Investment Advisory Agreement. We obtain Full Discretionary Trading Authorizations from all clients before assuming authority to trade client accounts. Certain investments require additional written client consent.

### **Voting Proxies on Client Securities**

If a client chooses to have us vote the proxies, we will do so in the client's best interest, without regard to our interests. Generally, we vote proxies on a case-by-case basis, and,

as a general rule, we vote proxies with management unless there are strong compelling reasons not to do so. Clients should contact us for a complete copy of our proxy voting policies and procedures.

Clients may contact us in writing to direct how we should vote their proxies. Clients may obtain information on how their proxies were voted by making a written request to us.

### **Financial Information**

We are not required to provide further financial information because we: (i) do not solicit pre-payment of more than \$1,200 in fees per client, six months in advance; and (ii) have not been the subject of a bankruptcy petition at any time during the past 10 years. We do not have any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.

Form ADV Part 2B  
Investment Advisor Brochure Supplement

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This brochure supplement provides information about employees of New Line Capital, LLC that supplements the New Line Capital, LLC brochure. You should have received a copy of that brochure. Please contact our firm if you did not receive New Line Capital, LLC's brochure or if you have any questions about the contents of this supplement.

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

## **Educational Background and Business Experience**

We require those individuals giving investment advice to clients to have relevant investment-related education and experience. In addition, all individuals must also hold all required licenses or designations, have passed all relevant examinations required by the overseeing regulatory agencies (generally, either Series 65 or Series 7 and 66), and be registered with those agencies, if applicable

## **Supervised Persons**

### **David A. Nagler**

David Nagler was born in 1961, and received his A. B. from the University of California, Berkeley in 1983, followed by graduate-level study in finance and economics. Mr. Nagler has more than 30 years of industry experience with various financial and NYSE member firms including management of discretionary investment accounts for individuals, trusts, charitable organizations, and ERISA plans. Mr. Nagler's CRD # is 143677.

Mark A. Boutote, Sr. was born in 1956, and attended Fairleigh Dickinson University from 1974 to 1978, followed by graduate-level study at the New York Institute of Finance from 1980 to 1982. In 1982, Mr. Boutote became a Chartered Market Technician (Mr. Boutote's CMT designation, however, occurred before the CMT exam began in 1989, and the designation at that time was nothing more than a club at that time, that many of the specialists from the floor of the NYSE were members of). Mr. Boutote has some 35 years of industry experience with various financial and NYSE specialist firms. In 1991, Mr. Boutote started his own institutional trading firm which, after ten years, was one of the largest independent firms on the NYSE. In 2003, Mr. Boutote became a full-time trader and consultant to corporate retirement plans and is a defined benefit specialist. Mr. Boutote's CRD # is 704815.

## **Disciplinary Information**

Please see the response to the Disciplinary Information Section of Form ADV Part 2A.

## **Other Business Activities**

Our supervised persons are not actively engaged in other business activities.

## **Additional Compensation**

Our supervised persons do not receive any economic benefit outside of regular salaries or bonuses.

## **Supervision**

David Nagler, chief compliance officer of New Line Capital, LLC, supervises all supervised persons. Mr. Nagler maintains supervision by regularly reviewing client

reports, emails, trading tickets as well as personal securities transactions. Mr. Nagler may be reached at (505) 989-7211.