



## **Arque Advisors, LLC**

**17 Elm Place, Rye, NY 10580**

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**[www.arqueadvisors.com](http://www.arqueadvisors.com)**

**March, 2018**

This Brochure provides information about the qualifications and business practices of Arque Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 914-967-8900 and/or David Bullock at [dbullock@arqueadvisors.com](mailto:dbullock@arqueadvisors.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.

ARQUE ADVISORS, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

This Brochure may be requested by contacting David Bullock at (914)316-8800 or [dbullock@arqueadvisors.com](mailto:dbullock@arqueadvisors.com).

Additional information about Arque Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Arque who are registered, or are required to be registered, as investment adviser representatives of Arque Advisors, LLC.



## Material Changes

During the last 12 months the following events have had a material change to Arque Advisors.

1. Arque Advisors has begun the process of withdrawing from oversight by the Securities and Exchange Commission and moving to become a registered investment advisory in the State of New York. We expect this process should be completed by the summer of 2018.
2. Arque Advisors in June 2017 entered a consulting agreement with Money.Net. Under this Agreement, Arque Advisors provides various consulting services to Money.Net. Money.Net is a securities information platform and is not a participant of the investment advisory business. Arque Advisors and its clients are investors in Money.Net. Principals of Arque Advisors have been consulting with and promoting the activities of Money.Net.
3. During the year there have been the following changes to the staff of Arque Advisors and its affiliates.
  - Ms. Meridee Olsen, Mr. James Shamah and Mr Robert Tam are no longer associated with Arque Advisors and its tax lien affiliate Arque Certificate Management.
  - Mr Peter Peirce has joined the firm in March 2018 as a Senior Vice President . Mr Peirce is a Senior Consultant to Ferrell Capital Management and is the product manager and in charge of the Ferrell Capital Management implementation of its new investment strategies using artificial intelligence.



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## Advisory Business

Arque Advisors, LLC (**Arque Advisors** or **Arque**) has been in business as a registered investment advisor since 2007. In 2011, Arque Advisors merged with LHO Group which operated as an independent investment advisor from 1991 to 2008. The principal owner of Arque Advisors is David Bullock, Managing Director and Chief Operating Officer.

Arque provides investment management services to individuals, institutions, family offices and directly or indirectly through affiliates to private investment funds.

## Investment Management Services

Arque Advisors provides investment advisory services. These services may be provided on a discretionary or non-discretionary basis and include ongoing monitoring, supervision and management of client's investment portfolios. Periodic discussion is held with clients and the Arque account representative.

To determine a suitable course of action for an individual client, Arque Advisors performs a review of the client's financial situation. Such review may include, but is not limited to, review of a client's investment objectives, overall financial condition, income and tax status, personal vs. business assets, risk profile, and other factors unique to the client.

Some examples of Arque's investment advisory services include the following:

- **Portfolio Management** this includes, security selection and recommendations, manager selection and recommendation, and other forms of investment advice and recommendations.
- **Separately Managed Accounts.** In this program an account is managed on a discretionary basis by an investment adviser or Arque. Client accounts may be managed by Arque Advisors, or Arque may refer its clients to outside investment advisers who perform specific investment advisory or portfolio management services for a client's account. When Arque recommends outside investment advisers to perform such services for its client accounts, Arque monitors the outside investment advisers' performance with respect to such accounts. Custody of separately managed accounts may be at a firm at the direction of Arque or with another firm as specified by the client. Specific services and fees related to such programs are available in the outside investment adviser's current disclosure document(s).
  - Individually managed accounts take into account the suitability of the strategy and investments for the individual client, based on their stated investment goals and objectives, their risk tolerance, their financial situation, including age, income, dependents, and other assets.



- If a client wishes to impose specific restrictions to investment choices, the instructions will be documented separately and kept in the client's file.
  - Arque representatives have periodic discussions with clients about their accounts and any changes to their suitability or financial situation, not less than annually.
  - The selection of investment managers may be provided on a discretionary or non-discretionary basis where Arque has the authority to hire or fire the investment manager.
- **Due Diligence** Background checks, due diligence analysis, selection and management of sub-advisers and established third-party research services are performed for clients.

Arque may furnish investment advice through consultations not included in any of the services described above. These may include advice to a client on matters not involving securities. Such matters may involve issues related to tax planning and/or preparation, insurance-related products, and general consulting services. Arque generally counsels with outside tax/accounting and legal advisors as well as insurance providers to provide these services if the complexity of these issues rise. The costs of these services are handled on a flat fee/hourly basis and are agreed in advance, based on the specific services provided.

**Arque Tax Receivable Fund:** Arque Tax Receivable Fund (**ATR**) is managed by Arque Certificate Management Group (**ACM**) the tax lien management affiliate of Arque Advisors. The fund invests in real property tax lien certificates consistent with Arque's capital preservation strategy. Tax lien certificates represent a fraction of the underlying real property value on which the lien is based. Furthermore, the liens are senior to all mortgage debt on those properties.

The Fund is currently closed for new investment.

**Arque Concert Equity:** The Arque Concert Equity strategies offer risk controlled investments in the equity markets and are designed to capture upside while avoiding significant downside losses from turbulent markets.

Arque Advisors is the Investment Manager of the Arque Concert Equity strategies and performs all trading and marketing of the strategies. Arque Advisors manages the Arque Concert Equity strategies using the Concert risk system created and managed by Ferrell Capital Management, LLC (FCM) ([www.ferrellcapital.com](http://www.ferrellcapital.com)). The Concert system generates multiple measures of market risk for each market that is managed. FCM using Concert advises Arque to increase, reduce or sell portfolio exposures or to move to cash as market risk is falling or rising. Arque Advisors commenced investing the Arque Concert Equity Strategies in March 2013.



Arque Advisors primarily manages client investments through separate accounts using the Arque Concert strategies. Arque Concert International strategy is expected to produce returns close to the MSCI EAFE index, and for Arque Concert US Equity and the Concert AI the S+P 500 Index during periods of positive performance. During declining markets, the Arque Concert strategies are expected to show significantly lower losses than their respective benchmark indices by reducing exposures during periods of market stress.

Arque Advisors implements the Arque Concert International Strategy using Global ETF's, the Arque Concert US Equity strategy with Large Cap US Sector ETF's, and the Concert AI strategy using US listed equity securities. All transaction costs and agreed management fees are incurred by the client investing in the Concert Strategies (Concert Fees).

The respective Arque Concert Equity country, sector or stock risks and portfolio changes are quantified and implemented each trading day at or about the market close, or in some cases implemented the subsequent trading day all in accordance with the recommendations of the FCM Concert models. Over the past 25 years William G. Ferrell and FCM developed the Concert methodology and have provided analytics for risk controlled investing to major global investors. FCM is an affiliate of Arque Advisors.

Under a Fee sharing Agreement with Ferrell Capital Management when assets managed by Arque in the Concert Equity Strategies exceed \$5.0 million. Arque will pay FCM 50% of the fees it earns from the Concert assets above the \$5.0 million net of its Marketing Expenses as defined in the FCM advisory contract.

**TBS Partners** TBS Partners was formed is a closed end fund established by Arque Advisors to purchase convertible notes issues by Tyton BioSystems of Virginia. Tyton is a diversified agri-tech company that uses non-smoking tobacco in patented processes for among other things bio-fuels, the conversion of ag-waste and tobacco into pulp for paper and cellulose additives for food. The Technology used by Tyton resulted in part from research conducted by the Biotechnology Labs managed by Dr. Hilary Koprowski and housed at the Thomas Jefferson University in Philadelphia.

**The following Funds are managed by Arque Advisors and are closed to new investors.**

**Arque Constellation Fund:** Arque Constellation Fund is a multi-strategy investment portfolio of mostly earlier stage or smaller hedge fund strategies. This fund is managed by Arque Advisors and the investments represent various managers and strategies identified by Arque Advisors in the development of its multi-manager investment platform.



**RC Partners** RC Partners provides development equity in a moderate income housing project in return for income tax credits. RC Partners is managed by Arque Advisors.

## Assets Under Management

Arque and its Principals currently manage directly and indirectly significant assets.

A major portion of these assets, however, are managed by one of the Managing Directors of the Firm through a family office and are held directly in real property. Under the oversight regulations of the Securities and Exchange Commission these assets are not considered assets directly managed by Arque Advisors.

The SEC regulatory assets managed directly by Arque Advisors are approximately \$8.7 MM. This includes assets managed under affiliate funds that are closed to new investments.

## Fees and Compensation

**All Arque fees are subject to negotiation.**

The specific manner in which fees are charged by Arque is established in a client's agreement with Arque. Arque ordinarily bills its fees on a quarterly basis in arrears unless agreed otherwise in writing. Clients may elect to be billed directly for fees or to authorize Arque to directly debit fees from client accounts on a monthly basis. Management fees are prorated for each additional capital contribution and withdrawal, in excess of 5% of the account, made during the applicable calendar quarter. Accounts terminated during a calendar quarter are charged a prorated fee. Upon termination of any account, any earned, unpaid fees are due and payable.

Unless agreed in writing, Arque's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred by a client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

### Annual Asset-Based Fee Schedule:

Account (s) Value	Annual Percentage (charged quarterly)
Less than \$100,000	1.75%
\$100,001 to 250,000	1.50%
\$250,001 to 500,000	1.35%
\$500,001 to 1,000,000	1.25%
\$1,000,001– \$3,000,000	1.00%
\$3,000,001 and up	Negotiable



This schedule is used as a guideline only; all fees are subject to negotiation at the sole discretion of Arque.

## **Annual Asset-Based Fees (Third-Party Adviser):**

Outside investment managers recommended or selected by Arque charge their own advisory fees for managing client assets/accounts. These fees will generally be based on a percentage of the clients' assets under management with the thirdparty manager. Additional details related to fees charged by outside investment advisers will be explained in any such managers' disclosure document. Regardless of the other investment manager's billing practices, Arque's compensation may be received by Arque from the other manager in accordance with the normal and customary billing practices as outlined in the outside investment adviser's disclosure document.

Although there is a potential for conflicts of interest between accounts paying higher fees and those paying lower or negotiated fees, Arque makes every effort to base decisions on the goals and objectives of the client, and does not consider management fees when making investment decisions.

## **Pooled Funds:**

Arque has affiliations with pooled funds managed by its affiliates. Currently the only pooled fund open to new investors is TBS Partners fund. Information for TBS Partners is provided in its Private Placement documents. This Fund is only open to accredited investors.

## **Hourly Fees:**

Arque may charge an hourly consulting fee for its advisory services. Arque's hourly fees are negotiable, but generally are \$500 per hour or \$2000 per day, depending upon the level and scope of the services required.

Arque's hourly rate is determined based on anticipated work to be done. Since Arque cannot accurately determine the hourly fee amount until learning about client's financial circumstances, it is Arque's practice to provide an initial, no obligation, no cost meeting in order to become familiar with the client's circumstances.

Hourly fees are billed monthly in arrears as specific services are performed for clients. Hourly fees are calculated by multiplying the number of hours of service performed by the designated hourly rate (i.e. # of hours times designated hourly rate).

Although there is a potential for conflicts of interest between accounts paying assets under management fees and those paying hourly fees, Arque makes every effort to base decisions on the goals and objectives of the client, and does not consider management fees when making investment decisions.

## **Other Fee Considerations:**





**Billing by Custodian.** Contemporaneously with the execution of a Client New Account Agreement (CAA), the client may be asked to sign an authorization that will allow the custodian of any of his/her accounts to debit such account(s) the amount of certain service fees owed to Arque and remit such to Arque. The authorization shall remain valid until a written revocation of the authorization is received by Arque. In connection with this fee deduction process, the custodian shall send to the client a statement, at least quarterly, indicating:

- All amounts disbursed from the account, and;
- The amount of advisory fees paid directly to Arque.

**Direct Billing.** Arque may choose to bill a client directly for fees. The client will be invoiced by the fifth business day of the month subsequent to the most recently ended calendar quarter. Payments will be due on or by the final business day of the month in which the invoice is generated.

In addition to Arque's investment advisory fee(s), the client may be assessed other fees by parties independent from Arque. The client may also incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level (e.g. advisory fees, administrative fees, and other fund expenses). Brokerage fees/commissions charged to the client for securities trade executions will be automatically billed to the client by the broker-dealer or custodian of record for the client account, not Arque. Unless agreed to otherwise in writing, any such fees are exclusive of, and in addition to, Arque's compensation. The client acknowledges he/she will be solely and directly responsible for fees, including other than Arque's fees billed directly to the client.

The following addresses the fees that Arque may charge for the services described in the previous sections.

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

In some cases, in pooled funds, Arque has entered into performance fee arrangements with qualified clients: such fees are subject to the terms of the pooled fund offering documents. Arque and its affiliates will structure any performance or incentive fee arrangement subject to

Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

In measuring clients' assets for the calculation of performance-based fees, funds shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for Arque to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. Arque has



procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. In most cases, pooled fund investments are in areas that are not open to individually managed accounts.

## **Types of Clients**

Arque provides portfolio management services to individuals, institutions, family offices and private investment funds.

The minimum account size for Arque is \$250,000. Arque may wave this minimum at its sole discretion. Accounts with less than \$250,000 may be subject to closure.

From time to time, Arque may provide investment advisory services to certain types of pooled investment vehicles such as hedge funds, private equity funds, venture capital funds, or other special purpose funds. Such products may be structured as direct participation programs and will generally be offered as privately placed securities offerings that are exempt from registration under the Securities Act of 1933 and or the Investment Company Act of 1940 in reliance on an exemption from registration thereunder.

From time to time, Arque may provide investment advisory services in regard to investment-related partnerships or other pooled investment vehicles, hedge funds and mutual funds that offer hedge fund like strategies. Arque may also consult on setting up hedge funds, including sourcing service providers and legal structure.

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

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

### **Charting and Technical Analysis and Models**

Arque may use technical analysis and models in making decisions about investing. Charting and technical analysis relies on the analysis of recent security price behavior as well as the volume of stock buys and sells. It may also look at the patterns and the relationship between various securities over some period of time. While these patterns may be useful in determining possible future price behavior, they may also be significantly altered by other changes in the fundamental aspects of a security, such as changes in earnings, changes in market structure and overall macroeconomic changes.

Losses from technical analysis may occur for a variety of reasons some (but not all) of which may include:

- Fundamental changes may alter technical expectations and result in declines in security prices.
- The interpretation of technical and charting patterns may be made incorrectly and result in declines in security prices.
- External factors that affect the overall market may override technical factors and cause security price declines.



The investment models that Arque uses are proprietary and are owned by its affiliate. These models have been developed over long periods of time and use complex mathematical algorithms for their recommendations. While Arque uses its best efforts to determine the accuracy of the methods and systems of the models it uses, it may not and cannot know completely the calculations behind the models. The models' while effective by definition cannot predict with complete certainty the direction of markets or the absolute timing on when investments should be made, held, reduced or eliminated.

## **Fundamental Analysis**

Arque uses fundamental analysis in making long term and cyclical changes to securities investing. This analysis ranges from looking at company specific elements such as earnings expectations, price/earnings ratios, price/earnings/growth ratios, technological or market changes as well as macro-economic changes that affect relative prices and short and long term economic growth factors.

Losses from fundamental analysis may occur for a variety of reasons some (but not all) of which may include:

- Unforeseen factors may change fundamental expectations.
- Fundamental expectations may not result in actual outcomes causing a decline in security prices.
- External factors that affect the overall market may override fundamental factors and cause security price declines.

Portfolio management decisions are made by the representative managing the account in consultation and in keeping with a client's stated goals and objectives. Investments include listed securities (stocks, bonds, futures and options) as well as exchange traded securities (ETFs) mutual funds, non-traded REITs, non-traded investment funds (hedge funds, pooled funds) and proprietary funds. Arque will occasionally invest in securities that are considered "short" securities (i.e. securities that will go up in value when a related security goes down in value) or take "short" positions in securities which will benefit the portfolio when the security declines in value.

There is no predetermined hold time for securities held in portfolios. Arque expects in the case of the Arque Concert strategies for clients to experience a very high level of turnover. In other portfolios Arque expects securities turnover to be no more than once a year, but turnover may be more frequent or less frequent depending on factors affecting both the security and the overall market. Turnover will also be a function of the client's desire to be more aggressive and seek short-term trading gains. Short-term trading increases costs and risks, but is expected to have higher returns by capturing small price movements in a security.

The price and potential for gain or loss of listed financial instruments are influenced by a large number of factors. These can be security specific such as earning reports, analysts' reports, new stories, management changes, takeover interest etc. They can also be market specific such as changes to date in macroeconomic reports, changes in interest rates, changes in industry reports, domestic and overseas political activities etc.



## **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Arque or the integrity of Arque's management. Arque is not subject to any disciplinary measures and thus has no information applicable to this Item.

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

Arque is affiliated with Milton Associates, LLC ("Milton"). Milton provides consulting services to fund managers and is also General Partner to the Arque Constellation Fund, LP. David Bullock serves as principal of Milton.

Arque is affiliated with Arque Certificate Management (ACM), the General Partner of the Arque Tax Receivable Fund (ATR). David Bullock and Scott Gordon are principals in ACM.

Arque is affiliated with Ferrell Capital Management (**FCM**) which provides investment direction for the Arque Concert Equity Strategies. William Ferrell is the President of Ferrell Capital Management.

David Bullock is one of the Managing Members of TBS Partners. Arque Advisors receives reimbursement directly from the Members of TBS Partners for its costs to file annual tax returns and registration expenses of TBS Partners. TBS Partners pays no other management or incentive fees to Arque Advisors.

David Bullock is a Managing Director of Money.Net and assists MNET in its marketing activities. Money.Net is a real time securities information platform similar to those operated by Bloomberg, LP and Thomson Reuters Inc. David Bullock and other clients of Arque Advisors are equity investors in Money.Net.

Conflicts of interest that arise between various investment products and strategies are reviewed by the Chief Compliance Officer who also serves as the Chief Executive Officer. These conflicts are disclosed to clients in advance of the investment in any product or implementation of any strategy.

## **Code of Ethics**

Arque has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

All supervised persons at Arque must acknowledge the terms of the Code of Ethics annually, or as amended. Arque anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Arque has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Arque, its affiliates and/or clients, directly or indirectly, have a position of interest.



Arque's employees and persons associated with Arque are required to follow Arque's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Arque and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Arque's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Arque will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

It is Arque's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Arque will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

At Arque, we take great pride in our commitment to serving our clients' needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.

## **Brokerage Practices**

From time to time, Arque may refer a client to broker-dealers for the purposes of the effecting of securities transactions. For details as to what factors Arque may consider in selecting such broker-dealers, see below. Arque is not a broker-dealer. Unless the client directs otherwise, Arque shall generally recommend that all the client's accounts be maintained at, by, or through certain other firms that are not affiliated with Arque. Such firms shall generally be broker-dealers that may also maintain registrations that allow such firms to engage in other types of businesses outside of their broker-dealer activities.

Although not all-inclusive, Arque generally recommends the following custodians:

- Charles Schwab & Co.
- Interactive Brokers, LLC

Not all fees and commissions paid for similar services are the same for each custodian. Factors which Arque considers in recommending certain broker-dealers or custodians to clients may include such entity's financial strength, reputation, execution, pricing, and service. In return for



effecting securities transactions through certain broker-dealers/custodians, Arque or certain of its representatives may receive certain support services that may assist Arque in its investment decision making process for all of Arque's clients. These may include research, allocations of new issues, securities recommendations and general market information.

In seeking best execution, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of brokerage services, including factors such as execution capability, commission rates, and responsiveness. Accordingly, although Arque will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for the client's account transactions. Arque does not have any "Soft Dollar" arrangements with any Broker/Dealer.

The client may direct Arque to use a particular broker-dealer (subject to Arque's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such an event, the client will negotiate terms and arrangements for the account with that broker-dealer, and Arque will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Arque. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Arque's obligation of best execution. Currently Arque has no need to aggregate client trades as all clients receive the same execution costs. If in the future client trades need to be aggregated, in such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. In such event, Arque will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

## **Review of Accounts**

The Firm reviews client's account(s) not less than quarterly. The client's objectives are used to review for suitability.

Events that may trigger further client account reviews in addition to the standard quarterly review process may include, but would not be limited to, a notable increase in the volume of requests by the client to effect transactions in his/her account(s), where such transactions may appear to be inconsistent with the client's previously stated investment objectives.

Other factors may include requests by the client to liquidate certain securities positions/contracts where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Additional triggering factors could be the performance on an individual account being an outlier to the performance of accounts with similar investment objectives, and a very important trigger would be customer complaints. This last trigger would be a prime example of a trigger for an intermittent review of



a client account. In addition, if a client's goals or objectives change, or their overall financial situation changes (such as job loss or gain, inheritance, death of a spouse, etc.) accounts will be reviewed and appropriate changes made.

## **Client Referrals and Other Compensation**

Arque may enter into agreements with various independent solicitors that refer clients to the advisor. Arque does not charge clients introduced by third-parties, fees or costs greater than the fees or costs Arque charges its advisory clients who were not introduced by the third-party solicitors, and have similar portfolios under management with Arque. Any such agreements must be handled in accordance with the provisions of Rule 206(4)-3 under the Investment Advisers Act of 1940. Arque does not currently receive referrals from any securities broker dealers.

## **Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Arque urges a careful review of these statements.

## **Investment Discretion**

Arque usually receives discretionary authority from a client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Arque observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Arque's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

## **Voting Client Securities**

As a matter of firm policy and practice, Arque does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Arque may provide advice to clients regarding the clients' voting of proxies.

## **Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about Arque's financial condition. Arque has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.





ARQUE ADVISORS, LLC

# Arque Advisors, LLC

## Key Personnel

[www.arqueadvisors.com](http://www.arqueadvisors.com)

March, 2018

## ADV Form Part 2-B

This is a Brochure Supplement to the official ADV Part-2 brochure of Arque Advisors LLC and provides information about the qualifications and background of the Arque Advisors advisory staff. If you have any questions about the contents of this Brochure Supplement, please contact us at 914-967-8900 and/or David G. Bullock at [dbullock@arqueadvisors.com](mailto:dbullock@arqueadvisors.com).

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## **Arque Advisors Advisory Staff**

**David G. Bullock- Managing Director**

**William G. Ferrell- Manager**

**Scott D. Gordon – Manager**

**Robert W. Tam- Manager**

**Thomas W. Tomljanovic- Manager**

**George L. Hudspeth- Senior Vice President**

**Peter C. Peirce- Senior Vice President**

No Solicitation or Investment Advice: the material contained is for informational purposes only and Arque Advisors, LLC is not soliciting any action based upon such material. The material is not to be construed as an offer or a recommendation to invest in or buy or sell any funds nor is it to be construed as investment advice. Additionally, the material accessible through the Arque Advisors website does not constitute a representation that the funds described therein are suitable or appropriate for any person. © Arque Advisors LLC 2018 All rights reserved and preserved.

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## **David G. Bullock**

Mr. Bullock is Managing Director and Chief Operating Officer of Arque Advisors. Mr Bullock is also Managing Director of Arque Certificate Management, the tax lien management affiliate of Arque Advisors, and Senior Managing Director of Milton Associates LLC the consulting arm of Arque Advisors.

Mr. Bullock currently manages on behalf of Arque Advisors, the Arque Concert Equity Strategies; three private equity investments managed by the firm: RC Partners a real estate fund, TBS Partners, an investor in a green technology firm Tyton BioSystems; and investments for clients in Money.Net.; and two other partnerships: the Arque Tax Receivable Fund; and the Arque Constellation Fund a fund of hedge funds.

Active in the investment business for over 40 years, Mr. Bullock is formerly a senior officer of Continental Grain Company, a global commodity trader and its Arlon Capital and Leasing Company, Partner of Fixed Income and Foreign Exchange consulting at Greenwich Associates, and Managing Director of Lehman Brothers including Head of Strategic Planning, co-head of the Lehman International Retail Branch System, and head of Central Bank Relationships. Mr. Bullock has also been a senior consultant with Rogers Casey's Manager Advisory business and with Eager Manager Advisory, a consulting arm of William Mercer.

Mr. Bullock graduated from Princeton University with a BA in Economics, and from the University of Chicago with an MBA in International Finance and Statistics.

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## William G. Ferrell

William G. Ferrell is a Manager of Arque Advisors and also Founder, President and Chief Investment Officer of Ferrell Capital Management (FCM) ([www.ferrellcapital.com](http://www.ferrellcapital.com)).

In 1988, Mr. Ferrell founded FCM to offer risk consulting and risk managed investments to large, money center banks. Bill had a long and distinguished career with Kidder Peabody and Citibank before forming FCM. Bill is the thought leader behind the FCM Concert Models which drive the Arque Concert investment strategies. Mr Ferrell has consulted with some of the world's largest and most complex financial institutions on risk management.

Utilizing the advantages of ETF's to manage market exposures, Mr. Ferrell has designed multiple Arque Concert investment strategies, including Arque Concert International, which invests in 14 developed non-US Markets, and Arque Concert US Equity which invests in 10 sectors of the US large cap market. He recently developed Arque Dow which invests in 30 large cap US stocks that comprise the Dow Jones Industrial Average (DJIA). All of these strategies are implemented using the FCM Concert models.

Mr. Ferrell has lectured and published numerous articles on risk and portfolio performance optimization. Mr. Ferrell has a BA in economics and history from Hampton-Sydney College in Virginia.

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## **Scott D. Gordon**

Mr. Gordon is a Manager of Arque Advisors and has been Principal and Chief Investment Officer of Arque Certificate Management, LLC, the tax lien advisory of Arque Advisors. Scott is also Managing Director of Acacia Asset Management an asset management organization.

Mr Gordon has been active in the structured investment and securitization businesses for over 25 years, focusing on credit and structuring related issues for complex capital market transactions, and covering a range of transaction types, both in the U.S. and Europe. Before joining Arque Advisors, Mr. Gordon was the Chief Risk Officer at Paramax Capital, LLC an asset management and advisory firm.

Mr. Gordon previously was the Managing Director and Global Head of Structured Credit Products for Ambac Assurance Corp where he was also a member of Ambac's Senior Credit Committee, and a Managing Director at Financial Security Assurance in the Structured Finance Group. Earlier in his career he was a senior credit analyst focused on financial institutions at both Morgan Guaranty Trust Company and Moody's Investor Services. Scott began his career as a bank examiner for the Federal Reserve Bank in Cleveland.

Mr. Gordon holds a BA in Economics from the College of Wooster and an MBA from New York University.

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## **Robert W. Tam**

Mr. Tam is a Manager of Arque Advisors.

Mr. Tam is also Principal in a private single-family office. This family has significant direct holdings of real property as well as other investment activities.

Since its inception Mr. Tam has been Principal and Chief Operating Officer of Arque Certificate Management, LLC, the tax lien advisory affiliate of Arque Advisors.

Mr. Tam has been actively involved in international finance, asset-backed securitization, structured financings and real estate for over twenty years. Prior to joining Arque Advisors Robert was a co-founder and Managing Member of Equicare Capital, LLC, a joint venture with Cargill Value Investments (CarVal Investors). Equicare Capital purchased and serviced distressed medical and consumer receivables.

Mr. Tam was previously a Vice President at Financial Security Assurance in the Structured Finance Group and as a management consultant at Kenneth Leventhal & Co (acquired by Ernst & Young, LLC).

Mr. Tam began his career as a Systems Engineer at Hughes Aircraft Company designing weapon and radar systems.

Mr. Tam holds an a BS from University of California, San Diego in Applied Mechanics and Engineering Sciences with a minor in Drama and an MBA in Finance and Real Estate from University of Southern California's Marshall School of Business.

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## **Thomas W. Tomljanovic**

Thomas W. Tomljanovic is a Manager of Arque Advisors. Mr. Tomljanovic has been actively involved in investment management and commodities brokerage since 2003. Mr. Tomljanovic provides investment advice to clients of Arque Advisors. Tom also provides marketing and strategy support to third party consulting clients of Arque Advisors.

Mr Tomljanovic joined Arque Advisors as a Senior Vice President in 2010 from Euro-Pacific. Mr Tomljanovic joined Arque Advisors from Euro Pacific Capital, Inc. Previously he was employed by Coordinated Capital Securities in West Palm Beach, Florida and owned and operated a commodities brokerage firm.

Prior to working in the investment field, Mr. Tomljanovic for over 20 years was the President of Tomljanovic & Company an executive recruiter. Tomljanovic & Company provided management recruiting services for a variety of companies, including Fortune 500 companies as well as smaller firms.

Mr. Tomljanovic has a BS in Marketing and Management from the University of Charleston, Charleston, WV.

In late 2016, Mr. Tomljanovic filed for protection under the Federal Bankruptcy laws. On April 4, 2017, he received a preliminary discharge from the United States Bankruptcy Court of the Southern district of Florida.

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## **George L. Hudspeth**

Mr. Hudspeth is Senior Vice President of Arque Advisors.

George has worked for over 35 years in the organized labor field acting both as a liaison between management and labor and as an adviser and trustee to union pension funds.

From 1994-2004 Mr. Hudspeth worked with Carl Domino Associates, L.P. to offer investment management and services to primarily Taft-Hartley and large State retirement programs and also to work with investment consultants.

Carl Domino Associates was merged into Northern Trust Company in 2004. George remained and employee of Northern Trust Company's asset management division for a few years post the merger covering the Taft Hartley and Union accounts of the firm.

Mr. Hudspeth graduated from Florida Atlantic University with a BA in international Business and has a Masters of Industrial Relations from West Virginia University College of Graduate Studies, Charleston, WV.

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## **Peter C. Peirce- Senior Vice President**

Mr. Peirce is Senior Vice President of Arque Advisors and a senior adviser to Ferrell Capital Management (FCM).

Peter is the product manager of the Concert AI investment strategies for FCM. Mr. Pierce brings four decades of experience offering strategic and tactical research and third-party marketing services to early stage technology and financial service firms.

Peter's experience includes partnering with experts in the futures industry, launching hedge fund programs utilizing behavioral finance methods and consulting related to a neural stock index trading program – combining big data and predictive analytics

Mr Peirce is also the founder and Chief Consultant of Atlantic Venture Management in Weyland, MA, and the founder and editor of *AVMAdvisor*, a U.S. Equity market trend identification and fundamental research service.

He holds a B.A. degree from Boston University and an MBA from Northwestern University.

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