

# GreenCrest Capital Management LLC

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This Brochure provides information about the qualifications and business practices of GreenCrest Capital Management LLC [GreenCrest]. If you have any questions about the contents of this Brochure, please contact us at 1-646-837-5300. 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.

GreenCrest Capital Management LLC has applied with the SEC to become a registered investment adviser and is currently pending approval.

Additional information about GreenCrest Capital Management LLC also is available on the SEC's website at [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 July 22, 2011 is a new document prepared according to the SEC’s new requirements and rules.

In the future, this Item will discuss only specific material changes that are made to the Brochure and 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 not been required to offer or deliver information about our qualifications and business practices to clients. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

The information contained herein relates only to specific questions to which the relevant regulatory agencies request answers. This document is not, and is not intended to be, a marketing brochure, nor is it designed to provide detailed information about all aspects of GreenCrest’s business

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Ranan Lachman, General Partner at 1-646-837-5300 or [rananl@greencrestcapital.com](mailto:rananl@greencrestcapital.com). Our Brochure is also available on our web site [www.greencrestcapital.com](http://www.greencrestcapital.com), also free of charge.

Additional information about GreenCrest Capital Management LLC 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 GreenCrest who are registered, or are required to be registered, as investment adviser representatives of GreenCrest.

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#### **Item 4 – Advisory Service**

GreenCrest was founded in 2010 as a limited liability company. Boaz Rahav and Ranan Lachman are the principle owners.

Currently GreenCrest's only business is publishing equity research on private companies. GreenCrest plans to introduce fund management services within 120 of the registration date.

##### **Advisory Services**

GreenCrest will act as an advisor to funds under GreenCrest's management.

##### **Fund Management**

GreenCrest plans on managing funds for institutional investors that invest in late-stage private companies.

##### **Research**

GreenCrest publishes proprietary research on private companies. GreenCrest's analysis enables for developing financial models that value the underlying company. GreenCrest plans to generate in-depth research coverage on approximately 90 private companies.

The list above represents all the services we currently provide as well as the services we plan to provide. We currently do not offer any other services.

**Item 5 – Fees and Compensation****Research Fees:**

Research fees are billed immediately, whether upon a single order, or subscription which is for a 12 month period. Fig. 1 represents GreenCrest's fee schedule for our research products.

Fig 1. Research Fee Schedule

Type of Subscription	Cost
S-1 Report	\$1,500
Single report	\$5,000
Gold level S-1 subscription	\$15,000
Platinum level S-1 subscription	\$22,500
Gold level subscription	\$50,000
Platinum level subscription	\$75,000

**Fund Management Fees:**

GreenCrest does not currently have any funds. In the event of future funds we anticipate to charge an initial fund management fee which will be a one-time, non-recurring management fee of 3-5% of the assets. This fee will be paid up front and will be non-refundable.

All other anticipated fund management fees will be performance-based and are discussed in detail in Item 6.

GreenCrest expects the fund management fee to be inclusive of brokerage commissions, transaction fees and other related costs and expenses. The client will not incur any other charges from GreenCrest.

## **Item 6 – Performance-Based Fees**

In the case of all future funds, GreenCrest will enter into performance fee arrangements with qualified clients: such fees will be indicated in our offering documents submitted to the client. These fees are subject to change and clients should consult the offering documents to ensure understanding of their individual arrangement.

The projected fee structure will be a 10% performance fee charged over a 10% hurdle rate on the initial investment. GreenCrest expects the performance based fee to be inclusive of brokerage commissions, transaction fees and other related costs and expenses. The client will not incur any other charges from GreenCrest.

## **Item 7 – Types of Clients**

Currently, GreenCrest's only clients are those that purchase GreenCrest Research which include Portfolio Managers and Corporations. GreenCrest plans to provide its services to institutional investors which may include (but are not limited to): hedge funds, private equity funds, endowments, foundations, pensions, family offices and broker-dealers.

GreenCrest will require clients to meet the Investment Advisors Act of 1940 requirements for a Qualified Purchaser as defined in section 2(51)(a) of the Act.

GreenCrest expects to require a minimum investment of \$250,000 to participate in its funds.

For its funds, GreenCrest will not require clients to maintain an account with GreenCrest, however, investors will be required to submit qualification questionnaire which includes a background check and Office of Foreign Asset Control check along with completed Subscription Documents.

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

GreenCrest will exclusively target late-stage, private companies based on the previously described in-house research.

Future clients should be aware that an investment in a GreenCrest fund involves considerable potential risks, including the possible loss of all or a portion of client investment. The statements made in this Item regarding the future activity and opportunities are forward-looking statements. The matters discussed in this Item may be affected by a number of events, including general market and economic conditions and the other factors described in this Item. Prospective investors are urged to read Risk Factors in GreenCrest's PPM section for a description of certain factors which may affect the performance of GreenCrest funds and which should be considered before making an investment in GreenCrest. The risks set forth below are not the only ones facing GreenCrest.

Among the significant risk factors a client should consider carefully before investing in GreenCrest are the following:

*Potential Loss of Investment.* There can be no assurance that GreenCrest will be successful in purchasing and/or selling private company stock at advantageous prices or that any investment in private company stock will prove to be profitable. GreenCrest is a newly formed entity with no performance record. As is true of any investment, there is a risk that an investment in GreenCrest will be lost entirely or in part. GreenCrest is not a complete investment program and should represent only a portion of an Investor's portfolio management strategy.

*Limited Liquidity.* No market for GreenCrest fund can be expected to develop, and it may be difficult or impossible to transfer or sell the investment in GreenCrest's fund, even in an emergency. In addition, as is set forth above, there are restrictions as to when and how an investor may be able to withdraw any amount of its investment in GreenCrest. As a result, an investment in GreenCrest would not be suitable for an investor who needs liquidity.

*Concentration of Investment.* GreenCrest was formed for the primary purpose of acquiring private company stock. Given the concentration of GreenCrest's investments, the value of an investment in GreenCrest may be subject to greater volatility and may be more susceptible to any single economic, political or regulatory occurrence than would be the case if GreenCrest's investments were more diversified.

*No Control over private companies or their future valuation.* GreenCrest will not obtain representation on the board of directors or have any control over the management of any private company and the success of its investment depends on the ability and success of the management of the private companies, in addition to economic and market factors. There is a limited, negotiated market for private company stock. Accordingly, valuations may fluctuate considerably and the per share valuations that are negotiated by GreenCrest may bear limited or no relationship to future valuations of a private company in any market that may develop for such shares, whether private or public.

*Limited Liquidity of Private Company stock.* In the event that GreenCrest determines to make distributions of private company stock (which are limited by federal and state securities laws and transfer restrictions imposed by the private companies), there is no market through which private company stock may be sold, and even if there were such a market, the transfer of private company stock may be subject to significant restrictions. In addition, private company stock will not be registered under federal securities laws or qualified under any state securities law and are being sold in reliance upon exemptions under such laws. Unless the private company stock is registered with the SEC and any required state authorities, or an appropriate exemption from registration is available, investors who receive private company stock in a distribution by GreenCrest may be unable to liquidate such stock, even though his or her personal financial condition may dictate such liquidation. Moreover, the resale of any private company stock following a distribution of private company stock will be subject to Rule 144 of the Securities Act and investors intending to sell private company stock distributed to them by the Company may be required to aggregate their sales of private company stock with sales made by GreenCrest and other investors for some period of time following the distribution of such stock by GreenCrest. Therefore, prospective investors who require liquidity in their investments should not invest in GreenCrest funds.

*No Assurance of an IPO or other Liquidity Event in any Private Company.* Although an investment in private company stock may offer the opportunity for capital gains, such investment involves a high degree of business and financial risk that can result in substantial capital losses. No public market currently exists for private company stock and no assurance can be given that an IPO or other liquidity event will be consummated by any private company in the future.

*Reliance on GreenCrest; No Voting or Dispositive Power over the Private Company Stock.* Decisions with respect to the management of GreenCrest and all funds of GreenCrest will be made by GreenCrest, and the investors will have no right to take part in the management of GreenCrest or any funds of GreenCrest. All rights, preferences, privileges and restrictions with respect to the private company stock, including registration rights and other decisions that



holders of private company stock may have, will belong to GreenCrest and will be the sole responsibility of GreenCrest and the investors will have no ability to make any decisions with respect thereto. No investor will have the right to either vote or dispose of any of the private company stock owned by the Company. In addition, no investor will have the right to withdraw all or any amount of its investment in GreenCrest (either in cash or in the form of private company stock) other than as set forth in the LLC agreement. Accordingly, no party should make any investment in GreenCrest unless such party is willing to entrust all aspects of GreenCrest's management to GreenCrest.

*Funds Expectations.* The various funds may have disparate results and the results of an investment in the fund may vary considerably from those of another fund.

*Conflicts of Interest.*

Conflicts of interest may arise as to, among other things, the order in which GreenCrest's affiliates and GreenCrest proceed to acquire and/or dispose of private company stock. GreenCrest and related parties will seek to resolve these conflicts in as equitable a manner as possible under the prevailing facts and circumstances, but there is no assurance that any such conflicts will be resolved in a manner advantageous to GreenCrest. GreenCrest and its principals will devote to GreenCrest as much time as to the client, acting reasonably, as deemed necessary and appropriate to manage the business of GreenCrest.

## **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 your evaluation of GreenCrest or the integrity of GreenCrest's management. At the time of this filing and to the best of Management's knowledge, no GreenCrest related person is or has been subject to any legal or disciplinary action or proceeding.

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

GreenCrest does not recommend or select other investment advisors for our clients based on receiving direct or indirect compensation nor do we have business relationships with those advisors that would create a material conflict of interest.

### **Item 11 – Code of Ethics**

GreenCrest 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. All supervised persons at GreenCrest must acknowledge the terms of the Code of Ethics annually, or as amended.

GreenCrest's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Ranan Lachman, General Partner at 1-646-837-5300 or [rananl@greencrestcapital.com](mailto:rananl@greencrestcapital.com).

### **Item 12 – Brokerage Practices**

GreenCrest and related persons do not recommend or select broker-dealers for clients. GreenCrest does not receive research or other soft dollar benefits for transactions.

### **Item 13 – Review of Accounts**

GreenCrest currently has no funds. For future funds GreenCrest plans audit funds on an annual basis using a reputable, independent auditing firm as specified in the offering documents.

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

GreenCrest currently has no funds. For future funds GreenCrest plans on establishing relationships with nationally recognized, registered broker-dealers to refer institutional clients and recommend our funds. Compensation will be subject to these future agreements

### **Item 15 – Custody**

GreenCrest does not maintain custody of any client funds. GreenCrest does have a contract with Deutsche Bank Trust Company Americas to act as an escrow agent and custodian for future funds.

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

GreenCrest does not and is not planning to accept discretionary authority to manage securities accounts.

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

In the future, and upon launching its funds, GreenCrest reserves the right to vote on behalf of investors and in regards to decisions related to the underlying assets of the funds. The voting procedures are spelled out in the PPM. Decisions with respect to the management of GreenCrest and all funds of GreenCrest will be made by GreenCrest, and investors will have no right to take part in the management of GreenCrest or any funds of GreenCrest. All rights, preferences, privileges and restrictions with respect to the private company stock, including registration rights and other decisions that holders of private company stock may have, will belong to GreenCrest and will be the sole responsibility of GreenCrest and the investors will have no ability to make any decisions with respect thereto. No investor will have the right to either vote or dispose of any of the private company stock owned by GreenCrest. In addition, no investor will have the right to withdraw all or any amount of its investment in GreenCrest (either in cash or in the form of private company stock) other than as set forth in the LLC Agreement.

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

GreenCrest has no financial commitments which impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.