

**FORM ADV PART 2A: Firm Brochure**

**Consector Capital, LP**

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**This brochure (the “Brochure”) provides information about the qualifications and business practices of Consector Capital, LP (“Consector”). If you have any questions about the contents of this Brochure, please contact Timothy Stewart, Consector’s Chief Compliance Officer (“CCO”), at (212) 235-0347. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Registration as an investment adviser does not imply that Consector or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.**

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

**Item 2: Material Changes**

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There are no material changes to report since our previous Form ADV annual updating amendment filing dated March 31, 2017.

**Item 3: Table of Contents**

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**Item 4: Advisory Business**

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Consector Capital, LP (“Consector”) is an investment adviser with its principal place of business in New York, New York. Consector was formed in August 2008 and is owned by William J. Black, Jr. (the “Principal”). Consector is a limited partnership organized under the laws of the State of Delaware.

Consector is currently an investment adviser on a discretionary basis to a privately pooled investment vehicle, Consector Partners, LP (the “Fund”). Consector Advisors, LLC is the “General Partner” of the Fund. The Principal owns 100% of Consector and 90.1% of the General Partner.

The Fund may invest in a wide variety of securities and financial instruments, domestic and foreign, of all kinds and descriptions, whether publicly traded or privately placed, including, but not limited to, common and preferred stocks, bonds and other debt securities, convertible securities, limited partnership interests, mutual fund shares, options, warrants, commodities, futures, derivatives (including swaps, forward contracts and structured instruments), currencies, monetary instruments, and cash and cash equivalents. The Fund takes both long and short positions in companies in the financial services sector, which includes banks, thrifts, brokers, exchanges, specialty finance, financial technology, and insurance agents.

As of December 31, 2017, Consector managed regulatory assets valued at approximately \$91,589,000. Consector does not manage assets on a non-discretionary basis.

**Item 5: Fees and Compensation**

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Consector generally charges the Fund a quarterly “Management Fee” at an annual rate of 1.5% of the net assets of the Fund. The Management Fee may be waived, reduced or calculated differently with respect to certain investors, including Consector’s employees and affiliates.

The General Partner generally receives an annual performance allocation of 20.0%, subject to a high water mark, with respect to the investors in the Fund that is calculated based on all net profits and net losses (including realized and unrealized gains and losses) of the Fund (the “Performance Allocation”). The Performance Allocation is charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940 (the “Advisers Act”). Rule 205-3 provides an exemption to the Advisers Act’s prohibition against registered investment advisers receiving compensation from a client on the basis of a share of the capital gains or appreciation of the client’s assets under management. The Performance Allocation may be waived, reduced or calculated differently with respect to certain investors, including Consector’s employees and affiliates.

**Expenses**

Consector and the General Partner will pay for their own general operating and overhead expenses associated with providing the management and investment management services to the Fund. These expenses include all expenses incurred by Consector and the General Partner in providing for their normal operating overhead, including, but not limited to, the cost of providing relevant support and administrative services (e.g., employee compensation and benefits, rent, office equipment, insurance, utilities, telephone, secretarial, clerical and bookkeeping services, etc.).

The Fund shall pay or reimburse Consector, the General Partner, and their respective affiliates for (i) all expenses incurred in connection with the ongoing offer and sale of interests, including, but not limited to, printing of its offering documents and exhibits and documentation of performance and the admission of limited partners, (ii) all operating expenses of the Fund, such as tax preparation fees, governmental fees and taxes, Administrator fees, costs of communications with limited partners, and ongoing legal, accounting, auditing, bookkeeping, consulting, insurance and other professional fees and expenses, (iii) all Fund research, trading and investment related costs and expenses (e.g., research reports, due diligence on portfolio companies, brokerage commissions, margin interest, expenses related to short sales, custodial fees, and clearing and settlement charges), and (iv) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims, assertion of rights or pursuit of remedies, by or against the Fund, including, without limitation, professional and other advisory and consulting expenses and travel expenses, and whether or not pursuant to bankruptcy or other legal proceedings, or participation in informal committees of creditors or other security holders of an issuer.

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**Item 6: Performance-Based Fees and Side-By-Side Management**

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As described in Item 5, the General Partner receives the Performance Allocation, if any, from the Fund. Performance-based fee arrangements may create an incentive for Consector to select investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. However, Consector believes this incentive is mitigated by the personal investment by the Principal in the Fund and the fact that losses will reduce the Fund's performance and, thus, its returns as well.

No other hourly, flat or asset-based fees are charged to the Fund.

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**Item 7: Types of Clients**

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Consector's client is the Fund. Investors in the Fund consist primarily of institutional investors and high net worth individuals. The minimum initial investment for the Fund is \$1,000,000, subject to exception at the discretion of the General Partner. Investors who are U.S. persons must be "accredited investors" under Regulation D of the Securities Act of 1933, be able to enter into the Performance Allocation arrangement and be "qualified purchasers" under Section 2(a)(51)(A) of the Investment Company Act of 1940. Consector requires the Fund investors to make representations concerning their financial sophistication and ability to bear the risk of their entire investment in a Fund.

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

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**Investment Strategy**

The Fund's investment objective is to focus on the financial services sector and seek superior absolute returns through long-term capital appreciation. Consector intends to use a bottom-up, fundamentally-driven, absolute value approach and concentrate its positions when appropriate to accomplish this objective.

Consector will generally seek, on behalf of the Fund, to acquire publicly traded equity securities in companies well above or well below their intrinsic net worth, preferring to invest in solid companies with discounted values. If Consector invests in lower quality companies, it will correspondingly seek a greater margin of safety.

The financial services sector is composed of a significant number of potential investments.

The sector comprises approximately 15% of the S&P 500 and is the largest sector of the Russell 3000 at well over 1,000 publicly traded financial stocks. The sector includes banks, thrifts, brokers, exchanges, specialty finance, financial technology, and insurance agents.

In pursuing the Fund's long strategy, Consector will seek to identify attractive investments in companies which could be characterized as follows: (i) in a turnaround/distressed situation; (ii) affected by exogenous events; (iii) unknown/underappreciated; (iv) in contemplation of a significant company action; and/or (v) offering private market discounts.

In pursuing the Fund's short strategy, Consector will seek to identify attractive investments in companies which could be characterized as: (i) being a broken business model; (ii) being cult stocks; (iii) being in a highly cyclical business; and/or (iv) having customer or segment concentration. These investments will typically be briefer in holding period. Consector acknowledges the asymmetry of risk and reward in pursuing a short strategy because the gain cannot exceed 100% and the potential loss is infinite.

While the Fund invests primarily in accordance with the methodology discussed above, Consector maintains broad and flexible investment authority.

### ***Risk of Loss Factors***

Investing in securities involves risk of loss that investors should be prepared to bear. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Please review the Fund's Confidential Private Placement Memorandum for a more detailed description of the risks of loss before deciding to invest in the Fund.

#### *Dependence on Certain Personnel*

The success of the Fund is dependent upon the talents and efforts of highly skilled individuals employed by Consector and its ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that its investment professionals will continue to be associated with Consector throughout the life of the Fund. The loss of the services of its key personnel could have a material adverse effect on the Fund.

#### *Equities*

The Fund may invest its capital in long and short positions in equities, deferred interest obligations and other investments which do not produce current income for the Fund. Equity prices are directly affected by issuer-specific events, as well as general market conditions. In addition, in many countries, investing in equity is subject to heightened regulatory and self-regulatory scrutiny, as compared to investing in debt or other financial instruments.

#### *Leverage*

The Fund may utilize leverage as part of its investment strategy. Leverage increases returns to investors if the Fund earns a greater return on leveraged investments than the Fund's cost of such leverage. However, the use of leverage exposes the Fund to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's

cost of leverage related to such investments. In case of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Fund.

#### *Short Sales*

A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Fund may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Fund secures a "good borrow" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Fund to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Fund.

#### *Derivatives*

Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading, including liquidity risk and counterparty risk.

#### *Hedging Transactions*

The Fund may utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of the Fund's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Fund's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the Fund's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Fund's securities; (vii) protect against any increase in the price of any securities the Fund anticipates purchasing at a later date; or (viii) act for any other reason that Consector deems appropriate. The Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. Consector may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Fund may enter into hedging transactions to seek to

reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

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**Item 9: Disciplinary Information**

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Neither Consector nor any of its management personnel are subject to, or have in the past ten years been subject to, any criminal or civil action in any domestic or foreign court, and neither Consector nor any of its management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

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**Item 10: Other Financial Industry Activities and Affiliations**

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Neither Consector nor any of its employees have any relationships or arrangements that pose material conflicts of interest to its business.

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**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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In order to address conflicts of interest, Consector adopted a code of ethics (the "Code of Ethics") pursuant to Rule 204A-1 under the Advisers Act which is applicable to all of its employees. The Code of Ethics generally: (i) sets the standard of ethical and professional business conduct that Consector requires of its employees; (ii) requires its employees to comply with applicable federal securities laws and regulations; and, (iii) sets forth provisions regarding personal securities transactions by employees. Additionally, the Code of Ethics sets forth Consector's policies and procedures with respect to material nonpublic information and other confidential information, and the fiduciary obligations that Consector and each employee owes to each Client.

The Code of Ethics is circulated at least annually to all employees, and each employee must certify in writing at least annually that he or she has received and followed the Code of Ethics and any amendments thereto.

In order to avoid conflicts of interest and to prevent the potential misuse of material nonpublic information, employees are required to get pre-approval for any personal securities transactions in publicly traded financial services companies. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities, investing in an initial public offering (IPO) or making an investment in a private placement (including investing in another hedge fund).

The Code of Ethics, including the policy regarding Employee Investment Transactions, is available to Clients upon request.

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**Item 12: Brokerage Practices**

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As a fiduciary to its Clients, Consector's Clients' interests must always be placed first and foremost, and Consector's trading policies and procedures prohibit unfair trading practices and seek to disclose and to avoid any actual or potential conflicts of interest or to resolve such conflicts in the Client Account's favor. Consector has adopted the following policies and procedures to meet its fiduciary responsibilities and to insure that its trading practices are fair to all Clients and that no Client Account is advantaged or disadvantaged over any other.



**Best Execution**

As an investment adviser, Consector has a duty to obtain “Best Execution” of its Client’s transactions. Elements of Best Execution may include: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the broker’s risk in positioning a block of securities; the quality, comprehensiveness and frequency of available brokerage and research products and services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying Consector’s other selection criteria.

**Trade Allocation**

Consector may at times determine that certain investments will be suitable for acquisition by the Fund and by other Client Accounts managed by Consector, Consector’s own accounts or the accounts of an affiliate. If that occurs, and Consector is not able to acquire the desired aggregate amount of such investments on terms and conditions which Consector deems advisable, Consector will endeavor to allocate in good faith the limited amount of such investments acquired among the various Client Accounts for which Consector considers them to be suitable. Consector may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the investments acquired, and the extent to which such investments are consistent with the investment policies and strategies of the various accounts involved.

Currently, Consector does not need to allocate between multiple Client Accounts.

**Aggregation of Orders**

Consector may aggregate purchase and sale orders of investments held by the Fund with similar orders being made simultaneously for other Client Accounts if, in Consector’s reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Client Accounts based on an evaluation that the Client Accounts will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of investments for the Fund will be effected simultaneously with the purchase or sale of like investments for other Client Accounts or entities. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at Consector’s sole discretion, and the Client Accounts may be charged or credited, as the case may be, with the average transaction price.

Currently, Consector does not need to aggregate orders among multiple Client Accounts.

**Trade Errors**

On occasion, an error with respect to trades made on behalf of Consector’s accounts may occur (a “Trade Error”). Consector endeavors to detect Trade Errors prior to settlement and to correct them in an expeditious manner. When a possible Trade Error is detected, the applicable trader will notify the CCO and they will review the applicable trade to determine if in fact an error did occur, the cause of the error, the effect of the error on the

account or accounts involved, and whether or not the error can be corrected prior to settlement.

If a trade is allocated incorrectly (due to a misinterpretation, mistake, or mathematical error by Consector, incorrect guidance by the trader, etc.), Consector will attempt to reallocate the trade using the intended allocation methodology prior to the trade's settlement date. If a trade has settled, Consector may, subject to applicable law, effect a cross trade between accounts to correct the misallocation such that each account would be in the position it would have been in had the misallocation not occurred. The reason for all reallocations will be appropriately documented by the CCO.

### ***Soft Dollar Policy***

The term "soft dollars" refers to commissions accumulated by brokers based on an investment manager's transactions, on behalf of its clients, which may be used by the investment manager to acquire various products or services. The use of soft dollars to pay for these products and services, including research and brokerage products and services, presents investment managers with potential conflicts of interest and may give incentives for investment managers to use certain brokers without regard to their obligations to their clients.

Consector may use soft dollars generated by its clients' brokerage transactions to pay for brokerage and research products and services that fall within the safe harbor afforded by Section 28(e) of the Exchange Act ("Section 28(e)"). Section 28(e) provides a "safe harbor" to investment managers who use soft dollars to obtain investment research and brokerage products and services. In order to qualify for the safe harbor, the products or services must provide assistance to the investment manager in the performance of its investment decision-making responsibilities, or must relate to the execution, clearance or settlement of a trade.

Any products and services provided by broker-dealers with soft dollars may be utilized by Consector and its affiliates in connection with the services offered for other clients. The receipt by Consector of information, products or services paid for with soft dollars are in addition to, and not in lieu of, the Management Fee and the Performance Allocation, and such fees and allocations are not reduced as a consequence of the receipt of such products or services purchased with soft dollars.

## **Item 13: Review of Accounts**

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### ***Review of Accounts***

Consector engages in active management and frequent transactions for the Fund and, accordingly, typically reviews its transactions, positions and cash balances on a daily basis.

Consector has also engaged an independent administrator to prepare monthly unaudited reports reviewing the Fund's performance for the month. The Fund issues financial statements, which are audited and are distributed to investors in the Fund on an annual basis.

### ***Reporting***

As soon as practicable after the end of each year, but in any event within 120 days, Consector will distribute an audited financial report for the Fund with respect to the previous fiscal year to all investors.

**Item 14: Client Referrals and Other Compensation**

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Consector has entered into a written agreement with a third party who solicits potential Investors on behalf of the Firm. When entering any such agreement, Consector complies with all applicable securities requirements including Rule 206(4)-3 under the Advisers Act. Typically, the solicitor will receive a percentage of the revenue generated from the management of the assets of the referred Investor. Investors are not responsible for any part of the compensation that solicitors receive.

**Item 15: Custody**

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While it is Consector's practice not to accept or maintain physical possession of any of the Fund's assets (the Fund's assets are in the custody of one or more prime brokers and/or banks), Consector is deemed to have custody of their assets under Advisers Act Rule 206(4)-2 because Consector has the authority to access Client funds and to deduct fees and expenses from the Fund's accounts.

To comply with Rule 206(4)-2, Consector utilizes the services of a bank or qualified custodian to hold all assets of the Fund except those assets that are not capable of being held by a custodian. Consector also confirms that the qualified custodian maintains these assets in accounts bearing the Fund's name that contain only assets of the Fund.

While Rule 206(4)-2 generally requires an investment adviser to provide for a qualified custodian to send account statements to all of its Clients whose assets the custodian holds at least quarterly, Consector is not subject to such requirement because the Fund is subject to audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

**Item 16: Investment Discretion**

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Consector has full discretionary authority to manage the Fund, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. Individual investors in the Fund do not have the ability to impose limitations on Consector's discretionary authority.

Prospective investors are provided with a Confidential Private Placement Memorandum of the Fund prior to their investment and are encouraged to carefully review the Confidential Private Placement Memorandum, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement and a limited partnership agreement, which constitutes a legal, valid and binding obligation of the investor, enforceable in accordance with their respective terms.

**Item 17: Voting Client Securities**

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Consector has general authority to vote proxies for the Fund. Consector adheres to its proxy voting policies and procedures that are designed to ensure that, such proxies are voted in the best interest of the Fund on a case-by-case basis. The investors in the Fund may not directly vote proxies. Upon request, Consector will provide Clients with a copy of its proxy voting policies and procedures, as well as relevant proxy voting records.

**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Consector 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.