

Ophrys, LLC

Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Ophrys, LLC (“Ophrys”). If you have any questions about the contents of this brochure, please contact us at (206) 267-9992. 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.

Additional information about Ophrys is also available on the SEC’s website at www.adviserinfo.sec.gov.

In this brochure, Ophrys refers to itself as a registered investment adviser. This means that Ophrys is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Advisers Act registration does not and should not be read to imply a certain level of skill or training.

Item 2 -- Material Changes

In September 2014, Ophrys filed an initial application to register as an investment adviser with the SEC. On October 1, 2014, the SEC issued an order declaring Ophrys’ registration as an investment adviser effective. This is the third annual update of Ophrys’ brochure. The previous brochures were filed on March 9, 2015, and March 30, 2016. There are no material changes to report under this item other than to update the amount of assets under management. The amount of assets under management by

Ophrys changed from \$411,987,111 (as of 12/31/15) to \$289,003,737 (as of 12/31/2016). The number of funds under management by Ophrys increased from 28 last year to 29 as of the date of this filing.

In the future, this item will identify and discuss material changes since the last annual update to assist clients and investors in making them aware of certain information that has changed since the prior year's brochure that may be important to them. Ophrys encourages all recipients of the brochure to read it carefully in its entirety.

Item 3 -- Table of Contents

Item 2 -- Material Changes	1
Item 3 -- Table of Contents	2
Item 4 -- Advisory Business	3
Item 5 -- Fees and Compensation	4
General.....	4
Management Fees	5
Performance Fees	5
Deduction of Fees; Timing of Payments; Termination	5
Other Fees and Expenses.....	5
Other Compensation.....	6
Item 6 -- Performance-Based Fees and Side-by-Side Management	6
Item 7 -- Types of Clients	7
Item 8 -- Methods of Analysis, Investment Strategies and Risk of Loss	7
Investment Strategies and Methods of Analysis	7
Material Risks.....	8
Lack of Operating History.....	8
Management of Ophrys Funds	8
Dependence on Key Management	8
Leverage.....	9
Illiquidity of Investor Interests	9
Speculative Nature of Receivables.....	9
Illiquidity of Receivables	9
Investments in Mortgage Loans.....	9
Residential Mortgage Loans.....	9
Reduced Supply of Defaulted Consumer Receivables	9
Competition	10

Counterparty Risks	10
Risks Associated with Service Providers	10
Legal/Regulatory Risk.....	10
Technology Risks.....	11
Uncertainty of Future Results	11
Item 9 -- Disciplinary Information.....	11
Item 10 -- Other Financial Industry Activities and Affiliations.....	11
Item 11 -- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 12 -- Brokerage Practices.....	14
Item 13 -- Review of Accounts	14
Item 14 -- Client Referrals and Other Compensation	14
Item 15 -- Custody of Client Assets.....	15
Item 16 -- Investment Discretion	15
Item 17 -- Voting Client Securities	15
Item 18 -- Financial Information	15

Item 4 -- Advisory Business

Ophrys is a Washington limited liability company which has been in business since January 2007. The principal owner of Ophrys is William S. Weinstein (hereinafter referred to as “WSW” or “principal”).

Ophrys currently serves as investment manager for 29 private investment funds which are each structured as limited liability companies, except for one fund that is structured as a limited partnership (the “Ophrys Funds”).

In addition to the Ophrys Funds, Ophrys also provides sub-advisory services to two unaffiliated private investment funds whose investment objectives and strategies are similar to those of the Ophrys Funds (the “Other Funds”).

Ophrys’ primary investment focus, on behalf of the Ophrys Funds, is to engage in the purchase, servicing, and recovery of certain asset classes of distressed consumer receivables, including Chapter 7 and Chapter 13 bankruptcy receivables, first and second lien deficiency receivables, state court litigation receivables, non-performing or distressed real property mortgage loans and receivables, title curative receivables, consumer loan receivables, auto deficiency receivables and medical debt receivables (collectively, the “Receivables”). As of the date of this filing, Ophrys is focusing purchases on distressed and nonperforming whole residential loans.

Ophrys does not tailor its advice to the needs of any investor in an Ophrys Fund. However, Ophrys does tailor its advisory services to the specific investment objectives and restrictions of each Ophrys Fund pursuant to the investment guidelines and restrictions set forth in each Ophrys Fund’s confidential offering memorandum, limited liability company (or, as applicable, limited partnership) agreement and

other governing documents (collectively, the “Governing Documents”). Ophrys’ activities on behalf of each Ophrys Fund generally include, without limitation, monitoring (i) collection and posting of payments, (ii) responding to inquiries of obligors of the accounts, (iii) investigating delinquencies, (iv) sending statements to obligors, (v) reporting any required tax information to obligors, (vi) accounting for gross receipts collected on account of any Receivables, (vii) tracking the status of any guaranties or insurance policies relating to any account, (viii) commencing and pursuing recovery actions, (ix) entering into agreements for the settlement, compromise or satisfaction of accounts, and (x) such other practices and procedures as are generally employed in collecting similar accounts, loan portfolios, and other Receivables. Investors and prospective investors of each Ophrys Fund should refer to the Governing Documents of the applicable Ophrys Fund for complete information on the investment objectives and investment restrictions with respect to such Ophrys Fund. There is no assurance that any of the Ophrys Funds’ investment objectives will be achieved.

Each Ophrys Fund is exempt from registration as an investment company pursuant to Section 3(c)(1) of the Investment Company Act of 1940, as amended. The limited liability company units (or, as applicable, limited partnership interests) (“Units”) of each Ophrys Fund are privately offered pursuant to exempt offerings under the Securities Act of 1933, as amended (the “1933 Act”). Ophrys generally acts as the manager of each Ophrys Fund (the “Manager”). Unless and only to the extent that the context otherwise requires, references to Ophrys include the Manager.

In accordance with common industry practice, the Manager on behalf of one or more of the Ophrys Funds may enter into “side letters” or similar agreements with certain investors pursuant to which the Ophrys Fund grants the investor specific rights, benefits, or privileges that are not made available to investors generally.

Ophrys does not participate in any wrap fee programs.

Ophrys manages all assets of the Ophrys Funds on a discretionary basis in accordance with the terms and conditions of each Ophrys Fund’s Governing Documents. As of December 31, 2016, the amount of assets Ophrys manages on a discretionary basis was \$289,003,737 (which was computed using the same method as was used in responding to Item 5.F of Part 1A of Ophrys’ Form ADV).

Item 5 -- Fees and Compensation

General

Ophrys typically receives compensation from fees based either on a percentage of assets under management or on a share of net recoveries and certain other fees or expenses related to transactions, all in accordance with the relevant Governing Documents. All investors and prospective investors should review the Governing Documents of each Ophrys Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular Ophrys Fund.

Ophrys Funds may be subject to different management fees and performance-based compensation arrangements. Investors and prospective investors in each Ophrys Fund should note that similar advisory services may or may not be available from other investment advisers for similar or lower fees.

Management Fees

In some cases Ophrys Funds will pay an annual management fee to Ophrys ranging from 1.75% to 2.00% per annum of the unrecovered investments in each Ophrys Fund (including capitalized Preferred Return, as described below). Ophrys in limited cases may elect to defer or waive all or any portion of any future management fees payable by the Ophrys Fund.

In lieu of an annual management fee, certain Ophrys Funds and Other Funds may pay Ophrys a servicing fee usually equal to 5% of the gross receipts from recovery services for such Ophrys Fund.

Performance Fees

Ophrys will typically receive certain allocations calculated and charged based on a share of net recoveries on the Receivable portfolios of each Ophrys Fund (the "Performance Fee"). The Ophrys Funds are generally subject to a 20% Performance Fee. The Performance Fee is generally subject to an 8% per annum preferred rate of return (the "Preferred Return"), but the Performance Fee will generally not be subject to a "catch-up." Because the Performance Fee is not paid until investors receive a return of their Capital and Preferred Return, there is generally no claw back or escrow arrangement with respect to the Performance Fee.

Deduction of Fees; Timing of Payments; Termination

Ophrys is authorized under the Governing Documents to charge and deduct its management fees directly from the Ophrys Funds. Management fees are generally payable monthly in arrears and occasionally quarterly in arrears in accordance with the Governing Documents of each respective Ophrys Fund. Performance Fees are generally payable when there is a distribution of distributable assets which is generally monthly and in some cases quarterly. Please refer to the Governing Documents of each of the Ophrys Funds for complete information on the timing of management fee and Performance Fee payments.

For certain of the Ophrys Funds, to the extent Ophrys has engaged in Disabling Conduct (as defined in the Servicing Agreement which Ophrys typically enters into with each Ophrys Fund), Ophrys may be removed as the Manager by a vote of the holders of at least 80% of the outstanding Units of such Ophrys Fund and in some cases 66-2/3% of the outstanding Units of an Ophrys Fund. For others of the Ophrys Funds, governing or managing members hold the right to remove Ophrys as Manager. In such event, the Servicing Agreement Ophrys has entered into with the Fund is terminated and Ophrys is only entitled to its Management and Performance Fees through the date of termination and in some cases the entitlement to Performance Fees survives termination.

Other Fees and Expenses

In addition to the fees payable to Ophrys, each Ophrys Fund may incur certain charges imposed by third parties, including (but not limited to) third-party legal, regulatory (including, but not limited to, blue sky compliance), audit, consulting and accounting expenses, registration fees and expenses and related fees and expenses (including, but not limited to, fees and expenses related to the preparation and filing of Form PF and any other SEC filings and registrations, and related requirements under the Dodd-Frank Act), and third-party expenses associated with such Ophrys Fund's financial statements and tax returns, expenses in connection with directors' and officers' liability and other insurance premiums, taxes, fees or other government charges levied against such Ophrys Fund, all costs related to the Ophrys Fund's indemnification obligations, extraordinary expenses, including litigation costs, any expenses of

liquidating such Ophrys Fund, and any other expenses, whether ordinary or extraordinary, reasonably determined by Ophrys to relate to the affairs of such Ophrys Fund. In addition, the Ophrys Funds will bear offering and organizational expenses that are not reimbursed by Ophrys, as set forth in the Governing Documents.

Clients are not charged any brokerage fees or commissions related to the acquisition of Receivable portfolios nor do any Ophrys supervised persons accept compensation for the sale of securities or other investment products.

Other Compensation

The law firm of Weinstein & Riley, P.S., ("WR"), of which WSW is the principal owner, has a contractual legal servicing arrangement with certain of the Ophrys Funds. As legal services provider, WR provides and oversees legal services in the collection process on behalf of the Ophrys Funds. For its services, WR generally is paid either (a) a one-time administrative fee of \$17.50 for each Chapter 7 and Chapter 13 bankruptcy Receivable it handles and (b) a contingency fee of 25% of net receipts with respect to consumer receivables WR handles that are not in a Chapter 13 or 7 bankruptcy proceeding, due to the greater level of work involved with such accounts (collectively with the other legal fees referenced herein, the "Legal Servicer Fees").

Ophrys retains WR to handle certain matters that are handled on an hourly basis, including related to performing due diligence on Receivable portfolios to be acquired. These matters are referred individually. While rates are always subject to negotiation, they historically have been approximately \$75 - \$110 per hour of paralegal time and \$215 - \$350 per hour of attorney time. To illustrate, WR charges FNMA (defined below) rates for all uncontested default service legal proceedings; and hourly rates on contested and litigation matters.

Ophrys also retains WR to handle flat rate work in the mortgage/default servicing area. The flat fee structures are approved in advance of any work being performed. To illustrate, the work has included monitoring and legal services fees of \$500 on certain defaulted loan pools.

In setting rates, Ophrys and WR review together market based rates related to the specific legal services, including the rates set by the Federal National Mortgage Association (FNMA) and the Government National Mortgage Association (GNMA) and major banks and mortgage service providers. Any differences are finally negotiated at arm's length between Ophrys' Chief Operating Officer and WR's Managing Partner without the involvement of WSW.

These types of additional fee arrangements present potential conflicts of interest related to the selection of WR to provide legal services to the Ophrys Funds. Investors are requested to refer to the Governing Documents of each of the Ophrys Funds for complete information on the additional compensation received by WR, Ophrys or its affiliates or supervised persons in connection with a particular Ophrys Fund's investments.

Item 6 -- Performance-Based Fees and Side-by-Side Management

As described in the *Fees and Compensation* section above, Ophrys generally will receive a Performance Fee.

The performance-based fee arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the “Advisers Act”).

Performance-based fee arrangements received by Ophrys may create an incentive for Ophrys to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Governing Documents of each Ophrys Fund for complete information on the “performance-based fee” arrangements of each Ophrys Fund.

Item 7 -- Types of Clients

Ophrys provides advice to the Ophrys Funds. The investors in the Ophrys Funds may include corporations, endowments, foundations, trusts, estates, individuals, family offices and pension and profit sharing plans.

Each investor in an Ophrys Fund must be (1) an accredited investor as defined in Rule 501(a) of Regulation D under the 1933 Act and (2) a qualified client as defined in Rule 205-3 under the Advisers Act. Details concerning applicable prospective investor suitability criteria are set forth in the respective Governing Documents for each Fund, which are furnished to each prospective investor. Additionally, investors must complete questionnaires in which the investors represent that they are qualified to invest in an Ophrys Fund. Non-U.S. investors are permitted to invest in the Ophrys Funds, but currently the investors are all “U.S. persons”.

In the future, Ophrys or its related persons may also establish certain Ophrys Funds or special purpose or alternative investment vehicles for certain investors or investments (“Feeder Funds”) to address certain tax or regulatory requirements. Each Feeder Fund, if formed, would be an investor of an Ophrys Fund and interests in such Feeder Fund would be held by the investors who elect to participate in the Ophrys Fund through such Feeder Fund. Investors and prospective investors are requested to refer to the Governing Documents of the applicable Ophrys Fund for complete details on any Feeder Fund established to invest in an Ophrys Fund.

In general, the minimum investment commitment required of an investor to participate in an Ophrys Fund is \$250,000. However, Ophrys has discretion to increase or reduce the minimum investment commitment. Investors and prospective investors are requested to refer to the Governing Documents of each of the Ophrys Funds for complete information on advisory fees and minimum investment requirements for participation in a particular Ophrys Fund.

Item 8 -- Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies and Methods of Analysis

Ophrys seeks capital appreciation by investing in certain asset classes of the distressed consumer receivables market. The Receivables in which the Ophrys Fund invest include Chapter 7 and Chapter 13 bankruptcy receivables, first and second lien and lien deficiency receivables, state court litigation receivables, non-performing or distressed real property mortgage loans or receivables, title curative receivables, consumer loan receivables, auto deficiency receivables and medical debt receivables. Some investors in the Ophrys Funds may be entitled to receive cash distributions from time to time during the

term of an Ophrys Fund as Receivables are collected. Alternatively, investors in some Ophrys Funds may have the option to have such cash automatically reinvested.

Ophrys analyzes investments by incorporating years of historical data into its proprietary recovery models. These models help Ophrys to facilitate accurate pricing and investment return projections with respect to Receivable portfolios across many asset classes.

The investment activities of the Ophrys Funds are directed by a six-person management team, which consists of the Chief Executive Officer, the Chief Information Officer, the Chief Technology Officer, the Chief Compliance Officer, the Chief Financial Officer and the Chief Operating Officer. The management team relies, in part, on the legal and compliance support of its legal service provider, WR, which operates a sophisticated automated legal servicing platform. WR's bankruptcy servicing platform includes electronic notification, proof of claim filing, responses to objections to claim, reaffirmations, motions for relief from stay, bankruptcy adversary litigation, and Chapter 13 monitoring. The legal servicing platform also assists in document management with respect to the mortgage loans.

Material Risks

There can be no assurance that an Ophrys Fund will be able to make and/or realize any particular investment or that the Ophrys Funds will be able to generate returns for their investors. Investing in the Ophrys Funds involves a risk of loss that investors should be prepared to bear. Investors in the Ophrys Funds should carefully consider, among other factors, the following material risks involved with Ophrys' investment strategies. Investors in the Ophrys Funds are requested to refer to the Governing Documents of the applicable Ophrys Fund for complete information on investment strategies employed by the Ophrys Fund and the corresponding risks associated with such investment strategies.

Lack of Operating History

The past performance of the management team may not be relied upon to indicate the future performance of an Ophrys Fund. Ophrys Funds may not have identified any particular investment at closing and may be unable to find a sufficient number of attractive opportunities to meet its investment objectives or fully invest its committed capital. Investors must rely on the ability of the management team to identify, structure, and implement investments consistent with each Ophrys Fund's investment objectives and policies. Investors should note that the past performance of other funds managed by the management team is not a guarantee of future results for an Ophrys Fund.

Management of Ophrys Funds

Decisions with respect to the management of the Ophrys Funds will be made by Ophrys. Investors generally have no right or power to take part in the management of any Ophrys Fund. Accordingly, no person should purchase an interest unless such person is willing to entrust all aspects of the management of an Ophrys Fund to Ophrys.

Dependence on Key Management

The Ophrys Funds' successful operations will be dependent on the management capabilities of Ophrys and, in particular, of William S. Weinstein. Any significant change in the physical or mental condition, or commitment or availability, of Mr. Weinstein could have an adverse effect on the Ophrys Funds and, therefore, on the interests of the investors therein.

Leverage

Each Ophrys Fund may invest in leveraged vehicles. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss.

Illiquidity of Investor Interests

Interests in the Ophrys Funds are highly illiquid, have no public market and are not transferable except with the prior consent of Ophrys. Accordingly, an investor in an Ophrys Fund may not be able to liquidate its investment and must be prepared to bear the risks of owning its interest for an extended period of time.

Speculative Nature of Receivables

Receivables are risky and speculative investments. Receivables depend entirely on payments by the corresponding account debtors. Accordingly, each Ophrys Funds may lose the entire amount of its investment in the Receivables it purchases.

Illiquidity of Receivables

The Receivables held by the Ophrys Funds will not be listed on any securities exchange. There can be no assurance that a market for such Receivables will develop and, therefore, the Ophrys Funds must be prepared to hold the Receivables for an indeterminate period of time.

Investments in Mortgage Loans

Ophrys invests in residential mortgage loans on behalf of certain Ophrys Funds. Although such investments may result in significant returns, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high.

Residential Mortgage Loans

While distressed residential mortgage loans will be secured by one-to-four-family residences, the Ophrys Funds may be exposed to losses resulting from default. The value of the underlying real property, the creditworthiness of the borrower and the priority of the lien are each of great importance. Ophrys cannot guarantee the adequacy of the protection of these underlying interests, including the validity or enforceability of the loan, the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, Ophrys cannot assure that claims may not be asserted that might interfere with enforcement of these rights. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest payable, resulting in a loss to the Ophrys Fund. Any costs or delays involved in the effectuation of a foreclosure of the asset or a liquidation of the underlying property will further reduce the sale proceeds and thus increase the loss to the Ophrys Fund.

Reduced Supply of Defaulted Consumer Receivables

The general reduction of credit and consumer spending in the U.S. economy as well as availability of consumer credit may lead to a reduction in the supply of distressed consumer receivables (including Chapter 13 consumer receivables) available to be acquired, which may negatively affect the financial results of the Ophrys Funds.

There can be no assurance that the Ophrys Funds will be able to acquire Receivables in the quantities and at the times that Ophrys otherwise desires. In such cases, Ophrys may cause the Ophrys Funds to hold extensive cash positions for extended periods of time, potentially reducing the returns of the Ophrys Funds.

Competition

Ophrys expects that it will encounter significant competition from other entities seeking opportunities comparable to those being sought by the Ophrys Funds. Such competitors may have greater resources than the Ophrys Funds or may be able to offer unique assistance that cannot be provided by the Ophrys Funds. Due to the level of competition and fluctuating supply of defaulted consumer receivables, the Ophrys Funds may not be able to purchase defaulted consumer receivables at appropriate prices which would have an adverse effect on investment returns.

Counterparty Risks

The Ophrys Funds will acquire Receivables from counterparty sellers. There is no assurance that such Receivables will not be subject to legal defenses, such as identity theft, unauthorized use of cards or other forms of fraud, or clerical or documentary error. The Ophrys Funds do not perform a detailed examination of each Receivable acquired, but rely on the enforcement of representations and warranties under the transfer documentation that will provide recourse in most such instances against the seller. There is no assurance that the Ophrys Funds will be successful in enforcing such recourse rights, which are subject to counterparty risk.

To the extent an Ophrys Fund is required to sell any Receivables to third parties, there is no assurance based on the quality of the Receivables and market conditions that there will be a buyer for such Receivables.

Risks Associated with Service Providers

Ophrys will seek to collect on the distressed Receivables through its network of relationships with law firms and collection agents throughout the United States. There is no assurance that such third-party entities will perform collection services for the Ophrys Funds adequately or accurately account for the recoveries they obtain in providing their services, although Ophrys tries to reduce the risk of fraud through its technology platform and the use of lockbox arrangements. There is also no assurance that such third-party entities will comply with all laws, rules and regulations related to their collection efforts on behalf of the Ophrys Funds.

Legal/Regulatory Risk

Legal, tax and regulatory developments may adversely affect Ophrys. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds and their investment activities may adversely affect the ability of Ophrys to pursue its investment strategy and to determine the value of investments on behalf of the Ophrys Funds. In recent years, there has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. For example, in the United States, the Dodd-Frank Act, which makes significant changes to the regulation of banks, hedge funds and other financial services firms, is still in the process of being clarified and implemented by U.S. federal agency rulemaking and interpretation.

Ophrys' investment in Receivables and residential mortgages presents additional risk. Laws related to debt collection directly apply to key portions of Ophrys' business. Ophrys' failure or the failure of third party agencies and attorneys, or the originators of the Receivables, to comply with existing or new laws, rules, or regulations could limit the ability to recover on the Receivables. Changes or additions to those laws and regulations and heightened judicial scrutiny could make it more difficult to collect payments on the Receivables, resulting in reduced recoveries. Receivables that do not comply with existing and future consumer protection laws may not be valid or enforceable under their terms against the obligors on those receivables.

The most recent developments in this regard have taken place as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was enacted July 21, 2010. The Dodd Frank Act created the Consumer Financial Protection Bureau ("CFPB") and gave it supervisory examination authority over a variety of institutions that may engage in debt recovery. The purpose of supervision, including examination, is to assess compliance with federal consumer financial laws, obtain information about activities and compliance systems or procedures, and detect and assess risk to consumers and to markets for commercial financial products and services. On October 24, 2012, the CFPB issued a consumer debt recovery regulation which took effect January 2, 2013. Under the rule, firms that have more than \$10 million in annual receipts from consumer debt recovery activities, as defined in the rule, are subject to the CFPB supervision authority. This definition covers Ophrys and, accordingly, authorizes the CFPB to conduct examinations of Ophrys' business practices.

Technology Risks

The success of Ophrys' business model is highly dependent on its proprietary technology, models, procedures and methods that are subject to viruses, crashes, misappropriation and obsolescence, all of which could have an adverse effect on the Ophrys Funds.

Uncertainty of Future Results

Each Ophrys Fund's confidential offering memorandum may contain certain financial projections, estimates and other forward-looking information. This information was prepared by Ophrys based on its experience in the industry and on assumptions of fact and opinion as to future events which Ophrys believed to be reasonable when made. There can be no assurance, however, that assumptions made are accurate, that the financial and other results projected or estimated will be achieved, or that similar results will be attainable by the Ophrys Funds.

Item 9 -- Disciplinary Information

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Ophrys.

Item 10 -- Other Financial Industry Activities and Affiliations

No management persons are registered as a broker-dealer or representative of a broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor, nor are there any pending applications for such registrations.

As discussed elsewhere in this brochure, WSW is the majority owner and a principal of WR, which will be providing and overseeing legal services in connection with each Ophrys Fund's Receivable collection

process. The legal and business arrangements between each Ophrys Fund, on the one hand, and Ophrys and WR, on the other hand, resulted from arm's length negotiations after the review of applicable market based rates. Please see the section entitled *Fees and Compensation -- Other Compensation*, for more information.

Ophrys is the Manager of each of the Ophrys Funds. Ophrys is not required to spend substantially all of its business time and resources on any one Ophrys Fund.

Ophrys does not recommend or select other investment advisers for its clients or have any business relationships with other investment advisers that might create a conflict of interests.

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

Ophrys has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing Ophrys' commitment to ethical conduct. Ophrys' Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth Ophrys' policy of monitoring the personal securities transactions of supervised persons with access to investment recommendations. Also, Ophrys' compliance manual sets forth Ophrys' policies on receipt of and giving of gifts by supervised persons. Under Ophrys' Code of Ethics, all supervised personnel have a duty to act only in the best interests of the Ophrys Funds, and all potential conflicts and violations of the Code of Ethics must be promptly reported to Ophrys' Chief Compliance Officer ("CCO"). All supervised personnel must acknowledge the terms of the Code of Ethics initially and annually or as amended. It is the expressed policy of Ophrys that no person employed by Ophrys shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

Ophrys' policy currently requires that all access persons as defined under Rule 204A-1 of the Investment Advisers Act provide initial and annual securities holdings reports and quarterly reports of all personal securities transactions, which quarterly reports on personal securities transactions are due no later than 30 days after the close of each calendar quarter, and that personnel receive approval from the CCO prior to investing in any initial public offerings or private placements. To date, this portion of the Code of Ethics has not been fully implemented because of the difficulty of relating it to the particular asset class with which Ophrys deals and there being no identifiable risk of "insider trading" which the policy is intended to address since the Receivables are not publicly traded securities or tradable by the general public and access people do not individually enter into Receivables transactions with the Ophrys Funds or otherwise for their own account.

Ophrys requires that all individuals act in accordance with all applicable federal securities laws and the rules governing the capital markets. Ophrys' compliance manual also includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

Ophrys will provide a complete copy of its Code of Ethics to any investor or prospective investor upon request.

As Manager of each of the Ophrys Funds, Ophrys and its principal have direct and indirect beneficial interests in the investments owned by the Ophrys Funds and will share in any profits and losses

generated by the Ophrys Funds' investments. This creates a conflict of interest because Ophrys receives performance fees from the Ophrys Funds, as discussed above in the section entitled *Fees and Compensation*, and may have an incentive to recommend investments that are more risky than it would otherwise recommend if Ophrys did not receive performance fees. This conflict is mitigated by Ophrys' applicable fiduciary duties; all investment decisions undergo a thorough analysis by a nine (9) member Credit Committee; and the principal of Ophrys is generally also an investor in each Ophrys Fund to align the principal's interests with that of each Ophrys Fund and its investors.

In addition, as discussed elsewhere in this brochure, WSW is the majority owner and a principal of WR, which provides and oversees legal services in connection with the collection process. This may create a conflict of interest because WR will receive additional compensation in connection with the collection of Receivables in which each Ophrys Fund invests. The legal and business arrangements between each Ophrys Fund, on the one hand, and Ophrys and WR, on the other hand, resulted from the review of market based rates and arm's length negotiations, which serves to mitigate this conflict. Please see the section entitled *Fees and Compensation -- Other Compensation*, for more information.

Ophrys and its principal and employees may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Ophrys Funds, and may give advice and recommend securities to other accounts or certain Ophrys Funds or vehicles which may differ from advice given to, or securities recommended or bought for, other Ophrys Funds or vehicles, even though their investment objectives may be the same or similar.

From time to time, Ophrys may cause an Ophrys Fund to engage in "cross trades" via the purchase of a portfolio investment from or sale of a portfolio investment to another Ophrys Fund, provided that the sale or purchase is consistent with Ophrys' fiduciary obligations to each Ophrys Fund. Sometimes Receivables are sold from one Ophrys Fund or Affiliate to another in order (i) to accommodate investors seeking an exit and new investors investing in the asset class and/or (ii) to introduce to newly formed Ophrys Funds the opportunity to invest in asset classes fitting the scope of the marketed materials and risk/return profile of the investors. Such acquired assets have had the benefit of being more properly evaluated through prior ownership for their anticipated yield curves and/or improved by legal process to correct deficiencies. On rare occasions, these assets have a fair value greater than their carrying basis to reflect more current market valuations, the recovery of fees for services rendered by the Manager, the cost recovery nature of the assets reducing carrying basis, and changes within the risk profile of the assets since original the purchase date. In transfers where this has occurred, the assets are typically many months or years past the original market clearing price and thus the conditions for a market participant and corresponding fair values may have changed.

Ophrys has a policy in place to address conflicts of interests in these instances. Each investment by an Ophrys Fund undergoes a rigorous analysis and vetting by a Credit Committee consisting of nine (9) Ophrys managers to establish fair value; the advice and consent or ratification of representative investors in an Ophrys Fund is sought for these affiliated transfers when practical; and William S. Weinstein generally invests a portion of his own money in each Ophrys Fund so that the investors' and principal's interests are aligned. Investors are requested to refer to the Governing Documents of the applicable Ophrys Fund for more complete information on the requisite time commitments of Ophrys and its related persons to the Ophrys Funds and its conflicts policies.

Item 12 -- Brokerage Practices

Ophrys focuses on making investments in Receivables and other private securities. As such, it does not ordinarily deal with intermediaries such as broker-dealers that execute securities transactions for “commissions.” To the extent Ophrys were to transact in public securities, it would select broker-dealers based upon their ability to provide best execution for the Ophrys Funds. Subject to the investment objectives, policies and restrictions of each Ophrys Fund, as set forth in such Ophrys Fund’s Governing Documents, Ophrys would generally have discretionary authority to select the broker or dealer or other intermediary to be used to execute transactions on behalf of the Ophrys Funds and to negotiate the commission (or other) costs to be paid.

Ophrys does not currently have any formal soft dollar arrangements that would commit the Ophrys Funds to any implied or explicit level of trading.

Item 13 -- Review of Accounts

Ophrys will continuously monitor investments on behalf of the Ophrys Funds. Investments are reviewed in the context of each Ophrys Fund’s stated investment objectives and guidelines as set forth in the Governing Documents of each Ophrys Fund. Ophrys’ management team is responsible for monitoring the risks associated with the Ophrys’ investment strategies, as well as counterparty risk and risks associated with the use of leverage or credit lines by the Ophrys Funds.

Ophrys’ Credit Committee consists of the Chief Executive Officer, the Chief Information Officer, the Chief Technology Officer, the Chief Compliance Officer, the Chief Operating Officer, two Financial Controllers, and the Chief Asset Officer, and is chaired by the Chief Financial Officer. The Credit Committee, which formulates all investment recommendations, meets and deliberates weekly.

Ophrys distributes monthly and annual written reports to investors. Annual reports generally contain an individual capital account statement as of the end of such fiscal year and the audited financial statements of the Ophrys Fund. The monthly reports generally contain a discussion and analysis of certain factual and numerical information about the Ophrys Funds’ investments and a summary of distributable cash from the applicable Ophrys Fund. In addition, Ophrys offers investors access to a remote viewer known as “Secure Blossom.” Secure Blossom provides investors access to detailed information that provides the ability to analyze all activity on all Ophrys Fund Receivable accounts remotely, including detailed account, portfolio and entity information, and access to legal documents, notes and distribution reports.

Ophrys also provides annual tax forms to investors.

Investors are requested to refer to the Governing Documents of the applicable Ophrys Fund for further information on the reports provided by a particular Ophrys Fund to its investors.

Item 14 -- Client Referrals and Other Compensation

As discussed elsewhere in this brochure, WSW is the majority owner and a principal of WR, which provides and oversees legal services in connection with the collection process. This may create a conflict of interest because WR receives additional compensation in connection with the collection of Receivables in which each Ophrys Fund invests. The legal and business arrangements between each Ophrys Fund, on the one hand, and Ophrys and WR, on the other hand, resulted from the review of

market-based rates and arm's length negotiations, which serves to mitigate this conflict. WR is one of the largest consumer debt recovery law firms in the country with state-of-the art technologies and systems related to debt recovery legal services. Ophrys believes that WR's technology capabilities make it the most efficient low-cost provider of legal services for the Ophrys Funds. Please see the section entitled *Fees and Compensation -- Other Compensation*, for more information.

Ophrys occasionally enters into cash compensation arrangements with unaffiliated placement agents or third parties for introducing investors to an Ophrys Fund. Any fees or expenses associated therewith may ultimately be payable by Ophrys either directly or through an offset of the management fee payable by the relevant Ophrys Fund to Ophrys. Alternatively, such fees and expenses may be borne, directly or indirectly, by the relevant Ophrys Fund.

Item 15 -- Custody of Client Assets

Ophrys acts as the investment manager of the Ophrys Funds and is generally authorized under the Ophrys Funds' Governing Documents to deduct fees from each Ophrys Fund investor's account. Such powers cause Ophrys to be deemed to have custody of the Ophrys Funds' assets for purposes of the SEC's custody rule. Accordingly, to meet the requirements of the custody rule, each Ophrys Fund is subject to an annual audit by independent public accountants and the audited financial statements are distributed to each investor. The audited financial statements of an Ophrys Fund will be prepared in accordance with U.S. generally accepted accounting principles and distributed to Ophrys Fund investors within 120 days of such Ophrys Fund's fiscal year end.

Item 16 -- Investment Discretion

Ophrys has full discretionary authority over the investment activities of the Ophrys Funds. The limitations in its investments for an Ophrys Fund, if any, are set forth in the applicable Governing Documents. Except as set forth in Item 4 relating to side letters, no investor may impose limitations on the investment activities of an Ophrys Fund.

Item 17 -- Voting Client Securities

No Ophrys Funds invest in securities for which proxies may ever need to be voted, even if the securities are purchased for cash management purposes.

Item 18 -- Financial Information

Ophrys does not require prepayment of management fees more than six months in advance.

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. Ophrys 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.