

**FORM ADV PART II**

**Firm Brochure  
For  
Benchmark Capital Advisors**

**a division of  
Northeast Securities, Inc.**

**100 Wall Street  
New York, New York 10005**

**March 30, 2011**

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*This brochure provides information about the qualifications and business practices of Benchmark Capital Advisors. If you have any questions about the contents of this Brochure, please contact us at 212-607-5431 or [ldipaolo@necsec.com](mailto:ldipaolo@necsec.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority*

*Additional information about Benchmark Capital Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

**Please note that while Benchmark Capital Advisors is a “registered investment advisor” being “registered” should not be interpreted as having any official or required level of training or skill.**

Item 2 Material Changes

This is the initial FORM ADV PART II brochure for Benchmark Capital Advisors, dated:  
March 30, 2011

## Contents

Item 1	Cover Page .....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents .....	3
Item 4	Advisory Business.....	4
Item 5	Fees and Compensation.....	7
Item 6	<i>Performance-Based Fees</i> and Side-By-Side Management .....	9
Item 7	Types of <i>Clients</i> .....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9	Disciplinary Information .....	12
Item 10	Other Financial Industry Activities and Affiliations .....	13
Item 11	Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading 15	
Item 12	Brokerage Practices .....	17
Item 13	Review of Accounts.....	18
Item 14	<i>Client</i> Referrals and Other Compensation.....	19
Item 15	Custody .....	20
Item 16	Investment Discretion.....	21
Item 17	Voting <i>Client</i> Securities.....	23
Item 18	Financial Information .....	24
Item 19	Requirements for State-Registered Advisers.....	25

- A. Benchmark Capital Advisors (the “Firm”) began operations in May 1989 and has been in operation for the past 22 years. The Firm is a wholly-owned subsidiary of Northeast Securities, Inc., a FINRA-member broker-dealer.

Advisory persons associated with the Firm must possess, minimally, a college degree and/or appropriate business experience and all required licenses.

Currently, Mrs. Lorraine DiPaolo, Mr. Richard Zorn, Mr. Richard Whitman, and Mr. Jacob Harris determine and give investment advice to clients.

**Lorraine DiPaolo** was born in 1936. She was a Registered Representative of Oppenheimer & Co., Inc. from July of 1975, and a Senior Vice President from 1983 until June 1989. From June 1989 until September 1989, Mrs. DiPaolo was a Registered Representative of Brean Murray, Foster Securities, Inc. She was Vice President and Secretary of the Firm upon its inception in January 1989. Effective January 1, 1994 she also became Executive Vice President and Treasurer of the Firm. Effective May 3, 1999, she became President of the Firm. From January 1, 2001 to November 2003 she was registered as a General Securities Principal of The Benchmark Company, LLC. Since November 2003 she has also been a registered representative of Northeast Securities, Inc.

**Richard Zorn** was born in 1940. he received a BA from Yale College in 1963 and an LLB from Yale Law School in 1965. he was an attorney with the SEC from 1965 until 1967. He was Portfolio Manager at Ultrafin International from 1972 to 1974 and a Registered Representative at Abraham and Company from 1974 to 1975. Mr. Zorn was a Vice President - Sales at Lehman Brothers from 1975 to 1976 and was a Senior Vice President of Oppenheimer & Company from 1976 to 1978. He was a cofounder of Balis & Zorn, Inc., an investment advisory firm, where he was President from 1978 to 1993. Mr. Zorn has been with the Firm since August of 1994, and is currently an investment adviser representative of the Firm. From January 1, 2001 to November 2003, he was registered as a General Securities Principal of The Benchmark Company, LLC. Since January 2004, he has also been a registered representative of Northeast Securities, Inc.

**Richard Whitman** was born in 1944. He has over 35 years experience in the securities industry, including twelve years at Oppenheimer, where he held the position of Senior Vice President. His business has been concentrated in the discretionary management of securities portfolios. Prior to joining Oppenheimer, Mr. Whitman worked at Faulkner, Dawkins & Sullivan and Shearson Hamill & Co. Mr. Whitman was co-founder and principal of the Firm in January of 1989. From 1999 to 2005, Mr. Whitman was an Executive Vice President and member of the investment policy committee of Palisade Capital Management, LLC, an investment firm with \$2 billion in assets under management. In August, 2005 he rejoined the Firm as an investment adviser representative and became a registered representative of Northeast Securities. Mr. Whitman is also the Managing Member of Mandon, LLC the General Partner of

Benchmark Partners LC, a private investment partnership.

**Jacob Harris** was born in 1939. He holds a BA in economics (1961) from Columbia College. He was a Registered Representative of Oppenheimer & Co., Inc. from November 1977 and a Senior Vice President from 1984 until June 1989. From June 1989 until September 1989, Mr. Harris was a Registered Representative of Brean Murray, Foster Securities, Inc. Mr. Harris has been with the Firm since its inception in January of 1989 and is currently an investment adviser representative of the Firm. Since January 1994, he has also been the Managing Member of JSH Management LLC, the general partner of JSH Partners LP, a private investment partnership. From January 1, 2001 to November 2003, Mr. Harris was registered as a General Securities Principal of The Benchmark Company, LLC.

**Diane Hawkins** was born in 1965. She holds an AAS degree in Buying and merchandising from the Fashion Institute of Technology (1985). She began her employment with Northeast Securities in 1996. She worked for Bear Stearns Securities from March 2008 until she returned to Northeast Securities in August 2008 as Chief Compliance Officer. Ms. Hawkins also became Chief Compliance Officer of the Firm in September of 2008.

Neither the Firm nor any of its management persons have a relationship with any issuer of securities.

- B.** The Firm, based on the needs of its clients, offers investments in (a) equity securities, including (1) exchange-listed securities, (2) securities traded over-the-counter, and (3) foreign issuers; (b) warrants; (c) corporate debt securities; (d) commercial paper; (e) certificates of deposit; (f) municipal securities; (g) mutual fund shares; (h) United States government securities; (i) options contracts in securities; and (j) interests in partnerships investing in real estate and oil and gas interests. Firm may also recommend to advisory clients investments in private offerings and/or limited investment partnerships, such as hedge funds and other pooled investment partnerships. Because these types of investments involve certain additional degrees of risks beyond typical market security investments, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

The Firm offers fundamental, technical and cyclical methods of security analysis to its clients, in addition to charts and individual case-by-case analysis of potential investment and client portfolios.

The Firm sources information from financial media, internal and external research materials, corporate rating services, timing services, Securities and Exchange Commission reports, and company press releases.

The Firm employs various investment strategies to suit the individual needs of its clients, including long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin

transactions, and option writing, including covered options, uncovered options or spreading strategies.

- C.** The Firm customizes all portfolios to the needs and goals of individual clients. Discretionary accounts are all separately run and decisions are made on a client-by-client basis. On a non-discretionary basis, the Firm may reflect to clients opportunities in real estate, private ventures, hedge funds, and certain kinds of commingled investments. As the Firm gathers assets for its clients, and as it manages investments for income (either tax-free or taxable), growth, or a balanced combination of both, it also will assist in the selection and monitoring of outside managers, estate planners and tax advisors.

The Firm is always open to consider suitable and reasonable investment approaches which may appeal to clients and maintain an open mind to new ideas. It is part of the Firm's service to involve itself when asked in any aspect of the client's life to which it can make a contribution. In the past this has included assisting in finding accountants, lawyers, insurance people and discussing with clients any number of problems unique to them. The personal side of the Firm's business is paramount, and the Firm always responds quickly to any requests.

The Firm actively manages municipal and corporate fixed income portfolios for institutions and high net worth individuals by a team of experienced professionals supported by an in-house bond analyst. The Firm conservatively structures all portfolios concentrating on credit risk, duration, liquidity and maximization of total return on an after tax basis. All accounts are individually managed by the fixed income principals according to the specific goals of each client; there is no co-mingling of accounts.

A minimum of \$500,000 of assets under management is required for the Firm's portfolio management service. This minimum account size may be negotiable under certain circumstances. The Firm may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

- D.** The Firm does not participate in any *wrap fee programs*.
- E.** All client accounts are managed on a discretionary basis. As of December 31st, 2010, the Firm has approximately \$294,391,985 under management on a discretionary basis.

- A. The Firm will typically charge a management fee, as described below, for its portfolio management services. In addition, the Firm may charge a performance-based fee to its clients that are "qualified clients" as defined in Rule 205-3 of the Investment Advisors Act of 1940 (i.e., clients who can demonstrate a net worth of at least \$1,500,000 or who have at least \$750,000 under management with the Firm).

The Firm's annual management fee will typically be charged as a percentage of assets under management, but may, in certain circumstances, be charged as a fixed fee. The annual fee for clients accounts managed with a growth or balanced (i.e., growth and income) investment objective will range from 1.00% to 2.00% of assets under management. The annual fee for clients accounts managed with an income objective will typically range from 0.25% to 0.50% of assets under management. However, if preferred by a client whose account is managed with an income objective, the Firm may agree to charge a fixed fee instead of an asset-based fee.

Each management fee is negotiated by the Firm on a client-by-client basis. Client facts, circumstances and needs determine the fee schedule. These include the complexity of the client's account, assets to be placed under management, portfolio style, commissions charged by the Firm's affiliated broker-dealer to the client, and other factors. The specific annual fee schedule will be identified in the contract between the advisor and each client.

The performance-based fee will be determined by a client's individual circumstances, but will typically equal 20% of the net profit (including realized and unrealized gains and losses) in a client account during a given calendar quarter. The performance fee will be calculated on the value of the client account prior to the deduction of the Firm's management fee.

The Firm will not receive a performance fee until any prior net loss has been offset by subsequent net profits.

Clients who elect to terminate their advisory agreements will be charged a fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was last assessed.

A performance-based fee may create an incentive for the Firm to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. The Firm will fully disclose to its clients all material information regarding this method of compensation and its risks prior to entering into the contract.

**PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISORS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE CHARGED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES**

**ARE PROHIBITED.**

For the management of bond accounts, the Firm typically charges commissions in the following ranges:

0-5 years: 0.75%

5-10 years: 1.25%

10-20 years: 1.5%

20+ years: 2%

- B.** Clients will be invoiced or have their account directly debited at the end of each calendar quarter based upon the value (market value or fair value in the absence of market value), of the client's account at the end of the previous quarter (i.e., "in arrears"), except in the fourth quarter, when, for accounting purposes, the fee is paid prior to the end of the calendar quarter, subject to adjustment as of the end of the year. The Firm will not directly debit a client account without receiving written authorization from the client.
- C.** All fees paid to the Firm for investment advisory services are separate and distinct from the fees and expenses charged by ETFs and mutual funds, (collectively, the "Funds") to their shareholders. The fees and expenses are described in each Fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Accordingly, the client should review both the fees charged by the Funds and the fees charged by the Firm to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

In addition, clients are responsible for the fees and expenses charged by custodians, and broker dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports.

- D.** The Firm charges its fees to its clients at the end of each calendar quarter as described above.
- E.** Neither the Firm nor any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.



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

The Firm may charge a performance-based fee to its clients that are "qualified clients" as defined in Rule 205-3 of the Investment Advisors Act of 1940 (i.e., clients who can demonstrate a net worth of at least \$1,500,000 or who have at least \$750,000 under management with the Firm). The performance-based fee will be determined by a client's individual circumstances, but will typically equal 20% of the net profit (including realized and unrealized gains and losses) in a client account during a given calendar quarter. The performance fee will be calculated on the value of the client account prior to the deduction of the Firm's management fee.

The Firm will not receive a performance fee until any prior net loss has been offset by subsequent net profits.

Clients who elect to terminate their advisory agreements will be charged a fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was last assessed.

A performance-based fee may create an incentive for the Firm to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. The Firm will fully disclose to its clients all material information regarding this method of compensation and its risks prior to entering into the contract.

**PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISORS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE CHARGED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.**

Item 7 Types of *Clients*

The Firm solicits (a) individuals who are accredited as per the Securities and Exchange Commission's definition of accredited investors; (b) pension and profit sharing plans; (c) trusts, estates or charitable organizations; and (d) corporations or business entities.

The Firm's portfolio management services consist of providing continuous and regular advice to clients regarding the investment of client funds based on each client's needs. Through discussions in which a client's goals and objectives are established, the Firm develops a client's personal investment policy and creates and manages a portfolio based on that policy. The Firm will manage advisory accounts on a discretionary basis only. Account supervision is guided by that stated objectives of the client (e.g., growth, income, or growth and income).

The Firm will create a portfolio consisting of one or all of the following: individual equities, bonds, exchange traded funds ("ETFs"), and closed-end funds. The Firm will allocate the clients assets among various investments taking into consideration the overall management style selected by the client. The ETFs and closed-end funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

When appropriate to the needs of the client, the Firm may recommend the use of trading securities (securities sold within 30 days), short sales, margin transactions or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

All investments involve different degrees of risk, charges, and expenses. You should be aware of your risk tolerance level and financial situations at all times. Furthermore, you should read all transaction confirmations, monthly, and year-end statements. Read any and all prospectuses carefully before making any investment decisions. You are free at all times to accept or reject all investment recommendations made by the Firm. All products sold are subject to market risk and may result in the entire loss to the client's investment. (For example: excessive withdrawals may result in the depletion of your account). Please understand that any losses are attributed to market forces beyond the control or prediction of the Firm. As you know, a recommendation, which you are free to accept or reject, is not a guarantee for the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

Item 9 Disciplinary Information

As of the date of this filing, March 30, 2011, neither the Firm nor any of its supervised persons is not named or involved in any legal or disciplinary events.

Item 10 Other Financial Industry Activities and Affiliations

As mentioned above, the Firm is a wholly-owned subsidiary of Northeast Securities, Inc. ("Northeast Securities"), a FINRA-member broker-dealer. The executive officers and other employees of the Firm may also be owners, officers and/or registered representatives of Northeast Securities. As a result, the Firm will recommend Northeast Securities to its advisory clients in need of brokerage services if appropriate to the needs of the clients. Northeast Securities may also recommend the Firm to its clients in need of advisory services. There are no referral fee arrangements between Northeast Securities for these recommendations.

The Firm's officers and employees, in their separate capacities as registered representatives of Northeast Securities, will be able to effect securities transactions for advisory clients for which they will receive separate and customary compensation. The Firm will, subject to its duty to seek best execution, primarily use the brokerage services of Northeast Securities for its client accounts.

In addition, certain employees of the Firm are managing directors of limited liability companies ("LLCs") that act as general partners to the following private investment funds: Benchmark Partners, L.P. ("Benchmark Partners") and JSH Partners, L.P. ("JSH Partners" and collectively with Benchmark Partners, the "Hedge Funds"). These employees receive separate and typical compensation for the services they provide to the Hedge Funds as managing members of said LLCs.

Advisory clients of the Firm are invested and may be solicited to invest in the Hedge Funds. The Firm and/or its associated persons may receive compensation for the referral of investors to the Hedge Funds. In addition, the Firm provides administrative services to the Hedge Funds for which it receives separate and typical compensation. Further, officers and employees of the Firm may be personally invested in the Hedge Funds. Advisory clients are under no obligation to participate in such investments. The Firm will disclose to clients any affiliations to any such investment(s) at the time of the recommendation.

Benchmark Partners' investment objective is to maximize capital appreciation primarily by investments in and the short sale of equity securities. JSH Partners' investment objective is to maximize short and long-term capital appreciation primarily through the purchase of equity securities that exhibit sustainable or accelerating rates of earnings growth. Additional information about the Hedge Funds is included in the offering documents provided by each Hedge Fund to prospective investors.

Additional disclosure information concerning the Firm and its associated persons, including their participation in the Hedge Funds, is available on the internet at **[www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_OrgSearch.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_OrgSearch.aspx)**. The site can be searched by a unique identifying number, known as a CRD number. The CRD number for the Firm is **24534**.

Additionally, the officers and employees of the Firm and Northeast Securities may also be

managing member(s) of LLCs and/or general partner(s) to limited partnerships ("LPs") formed for various other investment purposes. Advisory clients of the Firm may be solicited to invest in such LLCs and/or LPs. These officers and employees of the Firm and Northeast Securities may not receive investment advisory compensation in relation to these investments, but do have a conflict of interest in soliciting the Firm's clients for investment. Advisory clients are under no obligation to participate in such investments. The Firm will disclose to clients any affiliations to any such investment(s) at the time of the solicitation.

While the Firm, its officers and employees endeavor at all times to put the interest of the clients first as part of the Firm's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

The owners, officers and employees of the Firm may spend more than 50% of their time with all of these other activities.

The Firm is under common ownership and control with Northeast Asset Management, Inc. ("NAM"), a state registered investment advisor. The Firm does not have arrangements material to its advisory business with NAM and does not typically recommend the services of NAM to its advisory clients.

**Code of Ethics Summary:**

(adopted pursuant to Securities and Exchange Commission Rule 204A-1)

The Firm or individuals associated with the Firm may buy or sell securities identical to or different from those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

As these situations present a conflict of interest, the Firm has adopted a Code of Ethics which sets forth ethical standards of business conduct that the Firm requires of its employees, including compliance with applicable federal and state securities laws. The Firm's Code of Ethics stresses that no person employed by the Firm shall prefer his/her own interests to those of advisory clients and prohibits the use of material non-public information. The Firm requires that anyone associated with this advisory practice with access to advisory recommendations, client holdings or other specified information provide annual securities holdings reports and quarterly transaction reports of all reportable transactions to the Firm's designated officer. These reports are made available to an appropriate regulatory agency upon request. These reports will be reviewed on a regular basis by the Firm's President and/or Chief Compliance Officer (or their designees) to supervise compliance with the Firm's Code of Ethics.

The Firm's Code of Ethics provides for sanctions when appropriate. Clients and prospective clients may obtain a copy of the Firm's Code of Ethics upon request by contacting the Firm's Chief Compliance Officer at the Firm's principal office address.

**Trade Aggregation Policy Summary:**

The Firm may aggregate trades for itself or for its associated persons with client trades, providing that the following conditions are met:

1. The Firm's policies for the aggregation of transactions shall be fully disclosed in this Form ADV and provided to the Firm's existing clients and the broker-dealer(s) through which such transactions will be placed;
2. The Firm will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of the Firm's investment advisory agreement with each client for which trades are being aggregated;
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all the Firm's transactions in a given security on a given business day. Clients will typically pay a flat fee for securities transactions or a combination of a flat transaction fee and a fee based on the number of shares traded (depending upon the transaction fee arrangement the client has with the broker-dealer);

4. The Firm will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated in alphabetical order based upon the last names of the clients in the Allocation Statement;
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved by the Firm's President or Chief Compliance Officer no later than one hour after the opening of the markets on the trading day following the day the order was executed;
7. The Firm's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account;
8. Funds and securities of clients whose orders are aggregated will be deposited with one or more qualified custodians, and neither the clients' cash nor their securities will be held collectively and longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian as soon as practicable following the settlement;
9. The Firm will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
10. Individual advice and treatment will be accorded to each advisory client.



Item 12 Brokerage Practices

The Firm will endeavor to select those brokers and dealers that will provide the best service at the lowest commission rates and costs possible. The reasonableness of transaction costs are based on the broker's ability to provide professional services at competitive commission rates.

The Firm primarily uses its affiliated broker-dealer, Northeast Securities, Inc. for its client accounts. Northeast Securities, Inc. is an introducing broker for J.P. Morgan Clearing Corp. (a subsidiary of J.P. Morgan Securities), and Pershing LLC (a subsidiary of The Bank of New York Mellon Corporation). All are FINRA/SIPC member firms that are unrelated to Northeast Securities and the Firm.

The Firm, through its affiliated broker-dealer, Northeast Securities, Inc., may, from time to time, effect an agency cross transaction for an advisory client of the Firm, provided that the transaction is consistent with the Firm's fiduciary duty to the client and that all requirements outlined in Sec. 206(3)-2 of the Investment Advisors act of 1940 are met.

Agency cross transactions arise when a person acts as an investment advisor in relation to a transaction in which such investment advisor, or any person controlling, controlled by or under common control with such investment advisor, acts as broker for both such advisory client and for another person on the other side of the transaction.

Item 13 Review of Accounts

- A)** While the underlying securities within client accounts are continuously monitored, these accounts are reviewed at least quarterly by the client's investment advisor representative and at least annually by Lorraine DiPaolo, President of the Firm. Accounts are reviewed in the context of each clients stated investment objectives and guidelines.
- B)** More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.
- C)** In addition to the monthly statements and confirmations of transactions that clients receive from the custodian(s)/broker-dealer(s), the Firm will typically provide biannual reports summarizing account performance, balances and holdings. The Firm will provide client accounts with more frequent reports if contracted for at the inception of the advisory relationship.

Item 14 *Client* Referrals and Other Compensation

The principal executive officers and other employees of the Firm may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of client funds into investment companies. The receipt of this compensation may affect the Firm's judgment in recommending products to its clients.

The Firm may, from time to time, compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. The Firm is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisors Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by the Firm and all applicable Federal and/or State laws will be observed.

Item 15 Custody

The Firm is a wholly owned subsidiary of Northeast Securities Inc. who maintains a clearing agreement with J.P. Morgan Clearing Corp. ("clearing agent"). Your confirmations and statements will be sent to you directly from our clearing agent. Any trade discrepancies must be brought to the attention of the Northeast Securities Compliance Department within seven days of the trade date or we will presume all of the information on the confirmation is correct and that you approved the trade.

The Firm requests that it be provided with written authority to determine: (1) which securities that are bought or sold; (2) the amounts of securities that are bought or sold; (3) the broker-dealer to be used for client transactions; and (4) the commission costs that will be charged for these transactions. Any limitations on this discretionary authority shall be included in this written advisory statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

The Firm will endeavor to select those brokers and dealers that will provide the best service at the lowest commission rates and costs possible. The reasonableness of transaction costs are based on the broker's ability to provide professional services at competitive commission rates.

The Firm primarily uses its affiliated broker-dealer, Northeast Securities, Inc. for its client accounts. Northeast Securities, Inc. is an introducing broker for J.P. Morgan Clearing Corp. (a subsidiary of J.P. Morgan Securities), and Pershing LLC (a subsidiary of The Bank of New York Mellon Corporation). All are FINRA/SIPC member firms that are unrelated to Northeast Securities and the Firm.

#### **Directed Brokerage:**

Some clients, when undertaking an advisory relationship, have a pre-established relationship with a broker-dealer and will instruct the Firm to execute all transactions through that broker-dealer. In the event that a client directs the Firm to use a particular broker-dealer, it should be understood that under those circumstances the Firm will not have authority to negotiate commissions, obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients.

As the officers and other employees of the Firm are separately registered as representatives of Northeast Securities, Northeast Securities is required to supervise their securities trading activities. Clients may request that brokerage transactions be directed to a particular broker or dealer. However, if Northeast Securities believes that the use of that broker dealer would hinder it in meeting its supervisory obligations, the Firm will not be able to accept the account. In addition, the Firm reserves the right to decline acceptance of any client account for which the client directs the use of a broker dealer if the Firm believes that this choice would hinder its fiduciary duty to the client and/or its ability to service the account.

#### **Block Trading**

The Firm may block trades where possible and advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Block trading may permit equity trades to be executed in a timelier and more equitable

manner while allowing the Firm to obtain an average share price for clients participating in the block. Trades for the Firm's proprietary accounts and accounts of the Firm's affiliated persons may be includes in the Firm's client block trades. The Firm will not be able to block trades for client accounts who direct the use of a broker-dealer other than Northeast Securities.

Item 17 Voting *Client* Securities

As a matter of firm policy and practice, the Firm does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

Item 18 Financial Information

- A)** The Firm does not require or solicit pre-payment, in any amount, of client fees.
- B)** The Firm is not facing any financial condition that would impair its ability to meet its contractual commitments to the client accounts over which it has discretionary authority.
- C)** Neither the Firm nor any of its related persons have ever been involved in a bankruptcy petition.



Item 19 Requirements for State-Registered Advisers

The Firm is not registered or seeking registration with any state securities authorities.