

**Form ADV Part 2A – Firm Brochure**  
**Item 1 – Cover Page**

**Omnicap Group LLC**  
2286 E. Maple Avenue  
El Segundo, CA 90245  
310-318-3091

<http://www.omnicap.net/>

Date of Brochure: March 2020

---

This brochure provides information about the qualifications and business practices of Omnicap Group LLC. If you have any questions about the contents of this brochure, please contact us at (310) 318-3091 or [jsmith@omnicap.net](mailto:jsmith@omnicap.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Omnicap Group LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our Firm's information on this website by searching for Omnicap Group LLC. You may search for information by using the Firm's CRD number. The CRD number for Omnicap Group LLC is **133387**.

Omnicap will deliver this brochure to investment management clients before or at the time of entering into an investment management contract. Omnicap will also provide investment management clients with a summary of any material changes to this brochure within 120 days after our fiscal year end as further described in Item 2.

Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual update was filed in March 2019, two changes have been made to this brochure. The first change made is the amount of assets under our management reported in Item 4 – Advisory Business. The second change made is to fees charged under Item 5 – Fees and Compensation under the section Fees for Portfolio Management Services.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

### Item 3 – Table of Contents

Item 2 – Material Changes.....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	4
Description of Advisory Firm .....	4
Specialization and Types of Investments .....	4
Description of Advisory Services .....	4
Portfolio Management Services.....	4
Financial Advisory Services and Investment Advisory Services .....	5
Tailor Advisory Services to Individual Needs of Clients.....	6
Client Assets Managed by Omnicap Group LLC .....	7
Item 5 – Fees and Compensation .....	7
General Information and “Other” Fees/Expenses .....	7
Fees for Portfolio Management Services .....	7
Fees for Financial Advisory Services and Investment Advisory Services .....	8
Item 6 – Performance-Based Fees and Side-By-Side Management .....	8
Item 7 – Types of Clients .....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Risk of Loss .....	10
Item 9 – Disciplinary Information .....	11
Item 10 – Other Financial Industry Activities and Affiliations .....	11
Non-Advisory Business Activities – Excess Earnings Consulting and Compliance .....	11
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	12
Item 12 – Brokerage Practices .....	13
Advisor Directed Brokerage Arrangements .....	13
Client Directed Brokerage Arrangements .....	13
Aggregate Orders for Client Accounts.....	13
Item 13 – Review of Accounts .....	14
Account Reviews and Reviewers.....	14
Statements and Reports.....	14
Item 14 – Client Referrals and Other Compensation.....	14
Item 15 – Custody.....	14
Item 16 – Investment Discretion .....	14
Item 17 – Voting Client Securities.....	15
Item 18 – Financial Information .....	15
Customer Privacy Policy .....	16

## **Item 4 – Advisory Business**

### **Description of Advisory Firm**

Omnicap Group LLC (referred to as “Omnicap”, the “Firm”, or “us” throughout this document) is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Delaware. The Firm’s main office is located in El Segundo, California. Omnicap has other offices in Dallas and New York.

- Omnicap has been registered as an investment advisor since December 3, 2004.
- The Firm is 62.5% owned by Jeffrey S. Smith, Managing Member, President and Chief Compliance Officer of the Firm.
- Eddie McRoberts, Member and Managing Director, also owns 37.5% of the Firm.

### **Specialization and Types of Investments**

The firm specializes in providing financial and investment advisory services associated with public finance primarily to state and local governments and non-profit and 501(C) (3) corporations, which may be structured as corporations or other business entities.

Our advice is generally limited to positions that are authorized under each client’s written guidelines. Investments may include debt instruments such as United States Treasury Securities and Agencies, including bills, notes and bonds, guaranteed investment contracts, repurchase agreements, commercial paper, money market funds, local government investment pools, municipal bonds, bank deposit accounts, and certificates of deposit.

When managing client accounts, we develop portfolios that consist exclusively of fixed income and cash, or cash equivalent, assets.

### **Description of Advisory Services**

#### **Portfolio Management Services**

Portfolio Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that we will continuously monitor a client’s account and make trades in client accounts when necessary. Through this service, Omnicap implements a customized and individualized investment program for clients by applying an investment strategy and philosophy designed around their defined permitted investments, cash flow needs and risk tolerance. We will actively manage client investment portfolios in accordance with the client’s individual needs, return objectives and risk tolerance.

The following is a list of the service offerings provided through this program. Specific services will be agreed upon with each client and detailed in our written agreement.

1. Supervision of client investments
2. Evaluation, investment, sale and reinvestment of assets
3. Investment research
4. Cash flow planning and liquidity schedule projections
5. Continuous monitoring and evaluation of investments

6. Competitive bidding with prominent and approved broker/dealers (please refer to Item 12 – Brokerage Practices for more information)
7. Order placement for the purchase, sale or exchange of invested assets
8. Investment allocation between accounts
9. Providing delivery instructions to the winning broker/dealer(s) and custodian for deliveries of securities versus payments of cash
10. Monthly, quarterly and annual reporting

Our services may be provided on a discretionary or non-discretionary basis. Please refer to Item 16 – Investment Discretion for more information.

Clients are always responsible for notifying Omnicap of any changes to their financial situation, cash flow expectations, risk tolerance, investment horizon, or investment objectives. At least annually, we will contact each client for the specific purpose to determine whether any of these factors have changed, or if the client would like to impose and/or modify any reasonable restrictions on the management of their accounts. We are always available within reason to consult with clients with respect to the status of their accounts. A client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the accounts. A separate account is always maintained for each client with the custodian and the client retains all rights of ownership to their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

It is important that you understand that Omnicap manages investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by our Firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

#### ***Financial Advisory Services and Investment Advisory Services***

In addition to being registered with the SEC as a Registered Investment Advisor, Omnicap is also a registered municipal advisor with both the SEC and the Municipal Securities Rulemaking Board (MSRB). Our SEC Municipal Advisor Registration Number is 867-00683 and our MSRB Municipal Advisor Registration Number is K0142. In addition to Portfolio Management Services, Omnicap also offers Financial and Investment Advisory Services which may include advising clients on the issuance of debt, advising clients on entering into or terminating a derivative transaction, the preparation of certain reports, quantitative analysis or modeling, and/or consist of the evaluation of various investment options associated with client funds (typically taxable or tax-exempt bond proceeds), operating funds, and program revenues. The services and recommendations provided are based upon an analysis of the client's individual needs. Following is a list of the Financial and Investment Advisory Service offerings

provided through this program. Specific services will be agreed upon with each client and detailed in our written agreement.

1. Advising clients as to the issuance of municipal debt, including such items as financing structure, market timing, pricing and the use of variable rate debt and credit enhancement.
2. Advice on interest rate swap/hedging or fuel hedging proposals, pricing or transactions.
3. Derivative monitoring and valuation services and hedge effectiveness testing.
4. Advising on pricing of debt or hedge transactions, including negotiation of interest rates, yields, underwriters' discount and other transaction fees and expenses.
5. Managing a bid process or auction for any competitive transaction.
6. Assistance in evaluation and recommendation of underwriters, legal counsel, letter of credit banks, insurance providers and other parties required for a client's financings.
7. Assistance in the preparation of official statements and other necessary documents related to a client's debt transaction.
8. Preparation and deliverance of presentations to facilitate an understanding of public sector financing and its implications to a client's governing boards and rating agencies as may be necessary.
9. Providing summary reports and documents to clients for each closed debt issue and/or transaction.
10. Assistance in the development and implementation of a rating agency strategy to improve a client's debt rating and rating agency presentations on behalf of the client.
11. Assistance in designing an investment, debt, swap or other policy for clients.
12. Preparation of cash flow analyses on portfolios and/or portfolio valuations.
13. Consult, design and assistance in the development of loan yield compliance strategies or forgiveness programs.
14. Providing investment transactions services including advice on investment alternatives, the purchase of or sale of individual investments or portfolios thereof and investment structuring services.
15. Cash flow modeling and quantitative modeling.
16. Providing other assistance, advice and services to a client as may be appropriate in the role of a Financial Advisor, Municipal Advisor, or Investment Advisor.

Although Financial and Investment Advisory Services are oftentimes provided to clients that have engaged the Firm for Portfolio Management Services, the Firm may offer these services to any other client in need of such services.

Clients must understand that these services do **not** include implementation of investment recommendations. All advice is consultative in nature and advice is limited by the information provided exclusively by the client. Clients have the sole discretion to accept or reject the Firm's advice. For example, the client must implement all trades in their accounts because the Firm will have no access to the accounts unless accounts are managed through our Portfolio Management Services and the client has specifically contracted for such services. Clients are free to implement any or all of the recommendations made by Omnicap with another financial institution. Clients are not obligated to implement our investment advice.

#### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and discussions to determine the client's proper investment mandates.

Advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by the client to Omnicap. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. As the client's financial situation, goals, objectives, or needs change, the client must notify Omnicap promptly.

#### **Client Assets Managed by Omnicap Group LLC**

The amount of client assets managed by Omnicap totaled \$1,799,275,000 as of December 31, 2019. Of this amount, \$1,672,555,000 is managed on a discretionary basis and we advise on \$126,720,000 on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides details regarding our firm's fees and compensation arrangements.

#### **General Information and "Other" Fees/Expenses**

Advice offered by Omnicap may involve investments in money market funds. Fees charged by Omnicap to clients are separate and distinct from the fees and expenses charged by money market funds (described in each fund's prospectus) to their shareholders. Fees charged by a fund may include, but are not limited to, management fees, upfront sales charges, and other fund expenses. Further, there may be customary transaction charges involved with purchasing or selling securities. Omnicap does not share in any portion of the brokerage fees and transaction charges imposed by custodians holding client funds or securities. You should review all fees charged by money market funds, Omnicap, and others to fully understand the total amount of fees assessed.

Advice offered by Omnicap may involve deposits made to a Citibank exchange management subaccount under a master account established by Omnicap. The master account allows Omnicap to offer a deposit account to clients with short-term liquidity needs seeking a competitive interest rate. The master account pays Omnicap directly a monthly fee based on a percentage (generally 5 to 50 basis points) of the balance of funds on deposit in the subaccounts. The monthly fee received is separate from the advisory fees we charge (described below) and therefore presents a conflict of interest because our recommendation to establish a Citibank exchange management subaccount is influenced by the additional fee we will receive. To control for this conflict of interest, we may eliminate, offset or lower our advisory fee by the amount of fees received from the Citibank master account. You are never obligated to use any of the products or services recommended or offered by the Firm (including accounts at Citibank) and may use the service providers of your own choosing.

#### **Fees for Portfolio Management Services**

Fees for our Portfolio Management Services are billed on an annualized basis. Management fees range from 0.02% to 0.25% of the assets under management, depending on the amount of assets to be managed and the complexity of the portfolio.

In limited circumstances, we may negotiate a fixed fee and/or provide services on a per hour basis (following the same fee schedules outlined in the Fees for Financial Advisory Services and Investment Advisory Services below). Omnicap may, at its own discretion, apply discounts for services rendered. The final fee will be based on the complexity of the client's financial situation and the portfolio(s) to be managed.

Annual fees are typically billed quarterly in arrears based on the annualized average balance of the assets during the quarter. All invoices are sent directly to clients and fees are due upon the client's receipt of the invoice. However, the fee-paying arrangements for fixed and/or hourly charges will be determined on a case-by-case basis and will be detailed in the signed agreement for services. The client will be invoiced directly for the fees, and fees will be assessed pro rata in the event the management agreement is executed at any time other than the first day of a calendar quarter.

#### **Fees for Financial Advisory Services and Investment Advisory Services**

Financial Advisory Services and Investment Advisory Services are provided on a fixed fee, hourly fee, or percentage fee basis in accordance with the following fee schedule:

- **Fixed Fees:** Fixed Fees may be negotiated with each client. Fixed fees will be determined on a case-by-case basis, depending upon the scope and complexity of the services to be provided. The fixed fees range between a minimum of \$500 to a maximum amount of \$1,000,000. Omnicap requires payment of the services provided upon completion of the contracted services.
- **Hourly Fees:** Omnicap's hourly fees range between the minimum of \$150 to a maximum of \$750 and are payable monthly or upon completion of the contracted services.
- **Percentage Based Contingent Fees:** For non-portfolio management services, Omnicap may charge a percentage based on a basis established for the purpose of determining the amount of the fee. Such percentage is typically 5 – 25% of the basis. Such fee is payable upon completion of the contracted services.

When the scope of the Financial and Investment Advisory Services has been agreed upon, a determination will be made as to the type and amount of the applicable fee. The final fee, subject to negotiation, is directly dependent upon the facts and circumstances of the client's financial situation and the complexity of the service(s) requested. The fees charged for services provided will be detailed in the signed agreement with the Firm. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, Omnicap will notify the client and may request that the client pay an additional fee.

A contract may be terminated by a client upon any material breach of the contract terms by Omnicap or at any time upon thirty (30) days written notice. Omnicap may terminate a contract immediately upon any material breach of the contract terms by the client or any time upon thirty (30) days written notice. In the event of termination by either party, the client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client as of the date of termination.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because for portfolio management services Omnicap **does not charge or accept performance-based fees** which can be defined as fees based exclusively on a share of capital gains on or capital appreciation of the assets held within a client's account.



## Item 7 – Types of Clients

We generally work with state and local governments, special purpose entities, non-profit and 501(C)(3) corporations, which may be structured as corporations or other business entities. We may also work with for-profit corporations.

There are no minimum investment amounts or conditions required for establishing an account managed by Omnicap. However, all clients are required to execute an agreement for services prior to commencing any work for Portfolio Management Services.

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

### **Omnicap uses the following methods of analysis in formulating investment advice.**

***Written Client Guidelines*** – Omnicap’s clients typically have written guidelines, including a definition of investments eligible to be purchased in the investment portfolio, and/or an investment policy providing clear guidelines for the investments allowed to be held in the portfolio including credit rating criteria. Omnicap works with each client to define projected liquidity requirements. In cases where investments are made with proceeds of tax-exempt bonds, Section 148 of the Internal Revenue Code and applicable Treasury Regulations may further factor into the overall investment strategy. Information provided by the client, including the definition of eligible investments, credit rating criteria, and liquidity guidelines, factor into the client’s investment strategy and our investment advice. Omnicap also relies on credit ratings assigned by credit rating agencies (e.g., Moody’s, S&P, Fitch, and Kroll, etc.) and other information disseminated by such agencies.

***Fundamental*** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

***Technical*** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentimental technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

**Omnicap uses the following investment strategies when managing client assets and/or providing investment advice.**

- ✓ Long term purchases - Investments held at least a year.
- ✓ Short term purchases - Investments sold within a year.
- ✓ Trading - Investments sold within 30 days.
- ✓ Section 148 of the Internal Revenue Code and applicable Treasury Regulations.

**Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

As disclosed in Item 4 – Advisory Business, we generally provide advice on fixed income securities and debt instruments. There are certain additional risks associated when investing in securities through our investment management program.

- **Market Risk.** The risk that the investment portfolio will decrease due to the change in value of market risk factors which include stock prices, interest rates, foreign exchange rates, and commodity prices resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Interest Rate Risk.** For fixed-income investments, the yield and price has an inverse relationship and as interest rates rise, the price of the fixed rate investment falls resulting in a decrease in the value of client fixed-income investments.

- Credit Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments resulting in a decrease in the value of the client's investment portfolio.
- Liquidity Risk. In cases where an investment portfolio produces cash flows to meet the client's projected liquidity schedule, should the client require cash earlier than projected then a loss may be incurred if a security has to be sold prior to maturity.
- Fixed Income Risk. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

#### **Item 9 – Disciplinary Information**

This item is not applicable to our brochure because there are no legal or disciplinary events listed in Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of our business or integrity.

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

We are **not** nor do we have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) registered investment company (including a registered mutual fund, registered closed-end investment company, or registered unit investment trust) (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) accountant or accounting firm, (6) insurance company or agency, (7) pension consultant, (8) real estate broker or dealer, or (9) sponsor or syndicator of limited partnerships.

#### **Non-Advisory Business Activities – Excess Earnings Consulting and Compliance**

Omnicap offers non-advisory services relating to calculations of excess earnings, arbitrage, and rebate requirements contained in the Internal Revenue Code. Our advice is in respect to both non-purpose and purpose investments for certain outstanding bond issues as designated by the client. Calculations are to be performed by applying applicable federal tax rules and include excess earnings reports updated on an annual or more frequent basis as directed by the client for each bond issue. The services include: i) Preparing a comprehensive report determining the excess earnings liabilities with respect to the non-purpose and/or purpose investments based on information supplied to Omnicap by the client, including excess earnings liabilities and rebate payments applying applicable regulations of the United States Department of the Treasury in effect on computation dates; ii) providing a separate rebate report on each relevant Internal Revenue Service ("IRS") reporting date, including the preparation of an IRS Form 8038-T and instructions for filing a rebate payment if due.

Our fees for non-advisory services are separate and distinct from the financial advisory services and investment advisory services detailed in Item 5 of this Disclosure Brochure. The Firm will detail fees in the professional services

agreement for each service provided. Moreover, our investment advisory clients are under no obligation to use any other products/services offered by our Firm and may use the service providers of their choosing.

#### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

Omnicap and its personnel may buy or sell – for their personal account(s) - investment products identical to those recommended to clients. The fact that we may own the same investments recommended to clients presents potential conflicts of interest. However, we have developed various policies and procedures to control for those conflicts of interest. For example, it is the express policy of Omnicap that no person employed by the Firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. In addition, our Code of Ethics has been designed to monitor and review the personal securities transactions and holdings of our personnel.

- ✓ Omnicap emphasizes the unrestricted right of our clients to specify investment objectives, guidelines, and/or conditions on the overall management of their accounts. Omnicap's standard investment process begins with reviewing applicable state statutes, investment policy, and permitted investment language provided by clients.
- ✓ Associated persons and their immediate family members may not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry. No associated person of the Firm shall prefer his or her own interest to that of the advisory client.
- ✓ Omnicap and its associated persons generally may not purchase and sell securities being considered for, or held by client accounts without pre-clearance of the Firm's Compliance Officer. Moreover, investment personnel may be subject to a blackout period from trading in such securities.
- ✓ Omnicap and its employees generally may not participate in private placements or initial public offerings (IPOs) without pre-clearance from the Firm's Compliance Officer.
- ✓ The Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- ✓ Records will be maintained of all securities bought or sold by the Firm, associated persons of the Firm, and related entities. The Firm's Compliance Officer will review these records on a regular basis.
- ✓ Any individual not in observance of the above may be subject to termination.

In accordance with Section 204-A of the Investment Advisers Act of 1940, Omnicap also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Omnicap or any person associated with the Firm. The information provided is meant to be a summary of the Omnicap code of ethics.

You may request a complete copy of our Code of Ethics at any time.

## **Item 12 – Brokerage Practices**

### **Advisor Directed Brokerage Arrangements**

For accounts managed through our Portfolio Management Services, the Firm will suggest brokers to clients in need of such services. In suggesting a broker to clients, Omnicap endeavors to select those broker-dealers that will provide the best services at the most competitive commission rates possible. Where required, Omnicap's procedures on best execution are set in accordance with U.S. Treasury regulations because of the type of client that the Firm services. Where required, Omnicap's procedures consist of seeking three (3) bids from independent broker/dealers in accordance with U.S. Treasury regulations. The final determination of the broker to be used will consist of factors such as, the broker's ability to provide professional services, competitive commission rates, access to the type of securities being purchased or sold, the reputation of the firm and its principals, reliability and financial responsibility, and other services.

Although other factors are considered, the selection of the broker/dealer to be used will generally be based on the competitiveness of the broker/dealer providing the bid. However, we cannot guarantee clients receive the lowest prices available or are receiving the best execution available in the industry.

Omnicap does not enter into soft-dollar arrangements and any ancillary services received from a broker/dealer are minimal and do not factor into our recommendations to clients. Further, we do not receive referrals from any broker/dealers.

### **Client Directed Brokerage Arrangements**

Some clients may instruct us to use one or more particular broker/dealers, other than those recommended by the Firm, for the transactions in their accounts. Clients who may want to direct the use of a particular broker/dealer should understand that Omnicap may be unable to effectively negotiate brokerage compensation on the client's behalf. When directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker/dealer are adequately favorable in comparison to those that we would otherwise obtain for our clients. Clients with a client-directed brokerage arrangement should also understand we may be limited in our trading ability (compared to platforms recommended by Omnicap) and may be required to execute client directed trades after trades are implemented through accounts at platforms recommended by Omnicap. Clients are encouraged to discuss available alternatives with their Financial Advisor.

### **Aggregate Orders for Client Accounts**

Transactions implemented by Omnicap for client accounts are generally effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the Firm when Omnicap believes such action may prove advantageous to clients. When Omnicap aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis with no particular group or client(s) being favored or disfavored over any other clients. Typically, the process of aggregating client orders is done in order to achieve better execution or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Omnicap determines to aggregate client orders for the purchase or sale of securities, including securities in which

Omnicap may invest, the Firm will do so in accordance with applicable regulatory guidelines. It should be noted, Omnicap does not receive any additional compensation or remuneration as a result of aggregation.

### **Item 13 – Review of Accounts**

#### **Account Reviews and Reviewers**

For Portfolio Management Services, client accounts are monitored on a continuous basis, with a goal of conducting a formal review at least quarterly. Additional reviews may be provided based on liquidity factors, changes in the client's investment policy, or at the client's request. Jeffrey Smith – Managing Member and Matt Hope – Associate Director will conduct all reviews.

#### **Statements and Reports**

For Portfolio Management Services, written reports that contain performance/position information will be provided to clients at least quarterly and on an annual basis by Omnicap. Clients will also receive account statements from the qualified custodian holding the client's funds and securities.

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

- ✓ We do not directly or indirectly compensate any individual or any firms for client referrals.
- ✓ The only form of compensation received from advisory services is the fees we charge for such services as described in Item 5 of this brochure. Omnicap receives no other forms of compensation in connection with providing investment advice.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. According to this definition, Omnicap does not have custody of client funds or securities.

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

Through our Portfolio Management Services and upon receiving written authorization from a client, Omnicap will maintain trading authorization over client accounts. Upon receiving written authorization from the client, Omnicap may implement trades on a **discretionary** basis (as specified in our client agreement). When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction. However, it is our policy to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

We will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our Firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our Firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact me.

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

This item is not applicable to this brochure. Omnicap Group LLC does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Omnicap has not been the subject of a bankruptcy petition at any time.

### **Customer Privacy Policy**

Protecting client privacy is very important to Omnicap. The Firm views protecting our customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.

Omnicap does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, Omnicap may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants and lawyers.

Omnicap restricts internal access to nonpublic personal information about the client to those employees who need to know that information in order to provide products or services to the client. As emphasized above, it has always been and will always be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law.

The Firm will send out its "Client Information Privacy Principles" to a client when establishing a new client account and on an annual basis thereafter.