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Events Calendar

Miracle League of Westchester 7th Annual Halloween Event

Saturday, October 22nd, 2016
Ridge road park 287 Ridge Rd,
Hartsdale, NY 10530

Time: 11:00 am - 3:00 pm

RSVP: monzon@mlwny.org

Marino Partners Meet & Greet

Tuesday, November 1st, 2016
Office of Marino Partners

Time: 5:30 pm - 8:30 pm

RSVP: 914-368-4525

Marcum, Alternative Investment Manager Forum

Wednesday, November 2nd, 2016
Convene Conference Center

730 Third Avenue

New York, NY 10017

RSVP: 212-485-5940

Sticks and Stones...

By Paul Marino

Sticks and Stones...

May break my bones but words will never hurt me. Any person born pre 1980s knows this popular idiom to mean that people cannot hurt you with bad things they say or write about you. Words are powerful, however. And the meaning of a certain word can change over time.

One example of how the meaning of a word can change is the famous catch phrase "cool", which was made famous by Arthur "the Fonz" Fonzarelli. This word used to mean cold in temperature, but changed with the Fonz to mean acceptable, or hip. Another example of popular culture changing the meaning of a word, in this case a name, can be found in a Bugs Bunny episode. In this cartoon, Elmer Fudd, as a wabbit hunter, ineptly tries to catch Bugs Bunny, who says: "check out this Nimrod". Nimrod was a mighty hunter/king in ancient legends (including the Bible). Before the 1930s, the word "Nimrod" had a favorable connotation. For kids growing up on Bugs Bunny cartoons, kids who were likely unaware of the historical reference of the word, calling someone a Nimrod became an insult. This term has seeped into our culture to mean a dimwit or moron.

Popular culture has clearly influenced the way we speak and perceive things as a society. It is the matrix that controls our collective social norms and it affects the way we interact with each other—both in good and bad ways. The problem has become that certain outspoken groups are insistent that their opinion regarding what is hurtful or bad and therefore socially unacceptable is right.

While everyone would likely agree that it's good to respect the views of others and display kindness to them, when language is controlled by factions (which is happening now) and "group think" starts to control thought—a dangerous path is being laid. Some would state that the Trump/Sanders phenomenon is all about the rejection of the establishment, which for many is a rejection of "group think" and politically correct posturing. Censoring "incorrectness", however, can lead to the stifling of "bad ideas/language", which in turn runs the risk of possibly limiting good ideas (even if they originate from the fringes).

In all, my observation, for what it's worth, is that our culture of ultra-compliance is even affecting how kids behave. I have witnessed in my many hours of coaching just about every youth sport known to man that our kids today are cautious non-risk takers that constantly seek parental approval and intervention. And while this is a good thing for the legal profession (all these kids who never learned how to settle problems will become adults who will have to use attorneys to settle simple disputes), it does not portend well for innovation, entrepreneurialism, leadership, and good old fashion industriousness. Maybe this lack of risk taking is why a growing majority of successful start-up companies are run by immigrants. Clearly, I am not advocating running with scissors or swimming right after you ate a pb&j, but a culture that values control, protection, correctness, and "safety" (again, apply a reasonableness standard to the foregoing), is a culture that will eventually seek to control or censor anything outside the norm, including risk taking. If it is deemed unacceptable, group think will try to drive it out of existence.

Private Equity and Hedge Funds—Who's Winning and Why?

Recently I was fortunate enough to participate in a conference on capital raising for funds and the long and short of it (pun intended) is there are a lot of negative feelings and perception surrounding the hedge fund industry (duh). But the question is why?

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The obvious reason is performance and trailing closely behind is the grouching over fees that are now apparently high when returns are low. While the private equity world all seems rosy (although the rate of deals is trending down but fundraising remains high), one wonders if private equity investors were reminded on a monthly or quarterly basis as how their investments were doing, if all would be peachy (I guess it would if the disposition was positive but no one bats one thousand (not even Luke Marino (shameless plug: he did bat .550 for his Spring/Summer travel season))). Nonetheless, in a liquid investment, which most hedge funds are, the idea of monthly and/or quarterly updates is a must but this is also a constant reminder that the returns are punk or at best pedestrian. On the other hand, current pay and/or positive dispositions are a fantastic way to keep investors happy and begging for more.

America the Exceptional

As we roll into the fall and election season, I am reminded of the tremendous Grateful Dead lyric, "what a long strange trip it's been". But instead of focusing on what makes this election "different", I'd like to remind everyone what makes us great.

First, let's not celebrate diversity—let's celebrate unity. As we are much more alike than different and we have much more in common with our fellow Americans irrespective of what we may believe and/or been told. To that point, here are a few items we all share (taken from Charles Murray's American Exceptionalism): (i) Ideology: Anyone can make anything of themselves if he or she works hard (meritocracy). While that might be a bit idealistic—the President of the United States came from humble beginnings—in essence, what that teaches us is if one person can do it, another person can do it); (ii) Traits: (a) Industriousness: we love hard workers—be it in work or sports, (b) Egalitarianism: one man, one vote—no one person is greater than the other—and while we have started to celebrate a celebrity class more these days, the rejection of the political elite, the "establishment", is a clear indication that as a country we wholeheartedly reject elitism, (c) Community Life: while much has been written about our lack of community connectivity—for many the only time they see their neighbors is Halloween (think about it), I firmly believe that community activity is alive and well. Think about all of the baseball, basketball, football coaches, volunteers and organizers, as well as all the people who run so many vital charitable organizations—we are a country of people that care; and (d) Religiosity: while America is still very religious (more than 85% of us believe in G-d), we are less likely to be associated with a domination than ever before (kind of like our politics where the rise of independents has roiled the two parties) and secularization has certainly taken hold; however, I posit that irrespective of your denomination, a vast majority of us share the same belief system (that belief system at its roots: the Ten Commandments and the Sermon on the Mount) and because of this shared belief system, our everyday life is not spent living in fear (despite what the media may lead you to

believe we are much more alike than different).

Second, let's remember that irrespective of where you fall on the political spectrum, we all love the idea of America—and while that idea might be different for others, universally, it means we all understand and love the idea of life, liberty and the pursuit of happiness. As a country, we are like a baseball team—a game of individual skill played by a team whereby each person has to do their job, but must rely on the other to win.

Lastly, America is about change—good, bad or different. We are great because we are always introspective. We beat ourselves up for our failures and rarely celebrate our success—in short we are always striving for exceptionalism with full knowledge that we will never achieve that goal. Which is why, from the beginning of our Republic, the deplorable, unwashed masses have sought the sunshine of our shores. First from Europe, then Asia, and now Latin America and Africa. Every group has come here seeking to be exceptional and it's up to us, as its stewards, to keep that belief alive.

THE BROKER PROTOCOL

Question

Will the Broker Protocol (the "**Protocol**") be enforced if it conflicts with certain restrictive covenants in a partnership agreement and/or an employment agreement?

Answer

Our cursory review found that where both firms are signatories to the Protocol, litigation has been focused on employees that are registered representatives. We did not find decisions applying the terms of the Protocol to departing business owners or partners trying to take their business elsewhere.

For more on this article, visit us at www.marinollp.com/blog/



There is no substitute for experience

SEC Modifies Form ADV Part I

By Aileen Doherty

There are new changes on the horizon for advisers required to file Form ADV Part I. On August 25th, including new required information about separately managed account business, a single Form ADV for private fund adviser entities operating a single advisory business with multiple entities, as well as other clarifying, technical and other amendments to certain Form ADV items and instructions. The compliance date is October 1st, 2017. Key modifications are as follows:

Information Regarding Separately Managed Accounts. Advisers will be required to:

- ◆ Provide aggregate about the types of assets held and the use of derivatives and borrowings in separately managed accounts.
- ◆ Report the approximate percentage of separately managed account regulatory assets under management that are invested in twelve broad asset categories. Advisers with at least \$10 billion in regulatory assets under management attributable to separately managed accounts will report, on an annual basis, both mid-year and end of year percentages while advisers with less than \$10 billion in regulatory assets under management attributable to separately managed accounts will report only end of year percentages.
- ◆ Report information regarding the use of borrowings and derivatives in those accounts. Purpose is to provide data to assist SEC staff in identifying and monitoring the use of borrowings and derivatives exposures in separately managed accounts as part of the staff's risk assessment and monitoring programs.
- ◆ Identify any custodians that account for at least ten percent of separately managed account regulatory assets under management, and the amount of the adviser's regulatory assets under management attributable to separately managed accounts held at the custodian. This information will allow our examination staff to identify advisers whose clients use the same custodian in the event, for example, a concern is raised about a particular custodian.

Additional Identifying Information.

- ◆ Expansion of reporting on an adviser's offices other than its principal office and place of business.
- ◆ Requirement to report whether its chief compliance officer is compensated or employed by any person other than the adviser (or a related person of the adviser) for providing chief compliance officer services to the adviser, and if so, to report the name and IRS Employer Identification Number (if any) of that other person. Advisers will not be required to disclose the identity of the other person compensating or employing the chief compliance officer if that other person is an investment company registered under the Investment Company Act of 1940 advised by the adviser.

The Rule Release is set forth here: <https://www.sec.gov/rules/final/2016/ia-4509.pdf> .

While the final effective date has not yet been set, we recommend advisers to conduct a gap review of their business against the new requirements to determine if updating will be required. Please contact my office if you have any questions on new reporting obligations.

Being Smart With Your Funds Online

By George Kontogiannis

The latest news about the breach of Yahoo's accounts (possibly the largest data breach ever) reminded me of a more common individual fraud taking place. Not long ago I was contacted by a client whose parents were a victim of an online scam. Someone called claiming to be an IRS agent and threatened them with arrest and seizure of all their assets unless they immediately wired funds to stop further action. The parents did so and lost thousands.

What Should be done?

First off, please note the IRS will never contact you via phone and demand instant payment. If contacted like this, it's a scam. The IRS is the largest and most powerful collection

agency out there. You know it, they know it, so they don't have to make threatening calls. They can ultimately attach your bank accounts, place liens on your property so they know they will get paid and do not need to resort to threatening phone calls.

If you or a loved one is already a victim to such a scam, first contact your financial institution. Request they contact the financial receiving bank where the fraudulent transfer was sent. Contact your local Federal Bureau of Investigation (FBI) office if the wire was recent. The FBI working with the United States Department of Treasury Financial Crimes Enforcement Network might be able to help retrieve the funds. Also file a complaint with the FBI through their Internet Crime Complaint Center (IC3) at IC3.gov.

Regardless of the dollar amount you should file a complaint with

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IC3 to help put a stop to these crimes and prevent others from being a victim. To help IC3, when filing your complaint, try to give as much information as possible including victim's names and contact info, financial account information for both the account that lost money and where the money went, details about the fraud including how the victim was contacted and any other relevant information.

Overall we all need to be cognizant of the fraudulent schemes out there and suspicious of anyone calling, texting, mailing or emailing for money. Never send any funds out to an unknown party or cause. Verify any requests or demands through other means and report any fraud encountered to the proper authorities.



THE MIRACLE LEAGUE OF WESTCHESTER

BOO OOO

Join us for A Very Special Halloween

October 22nd from 11:00 to 3:00 Field of "Screams" - Ridge Rd Park Ridge road 287 Ridge Rd, Hartsdale, NY 10530

RSVP: rmonzon@mlwny.org

MARCUM
ALTERNATIVE INVESTMENT
MANAGER FORUM

PRESENTED WITH
COWEN PRIME SERVICES | **MARINO** PARTNERS LP

SHOWCASE YOUR FUND

NOVEMBER 2, 2016
CONVENE CONFERENCE CENTER
730 THIRD AVENUE, NEW YORK, NY



We are pleased to extend an invitation to your fund to attend this year's Marcum Alternative Investment Manager Forum.

RSVP: 212-485-5940

Marino in the News!



(Patricia Wilson of Marino Partners enjoys the cuisine catered by Caperberry Events, among others.)



On October 5th we had a successful turnout for this year's "Eat Well, Do Good," event, sponsored by the White Plains Rotary Club. For more Rotary events, log onto <http://www.rotarywp.org/>.

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