

**Magstar Capital, LLC**  
**Best Interest Disclosure Statement**

Please retain for your records

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This Regulation Best Interest (“Reg BI”) Disclosure Statement (“Disclosure Statement”) provides information about the scope and terms of the brokerage services that Magstar Capital, LLC (“Magstar” or “we,” “us” or “our”) provides to retail customers. If you have any questions about this Disclosure Statement, please contact us at [compliance@magstarcapital.com](mailto:compliance@magstarcapital.com).

Magstar is a broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). We do not provide investment advisory services and we are not a registered investment adviser.

**Introduction**

In this Disclosure Statement, we provide information to you about material facts relating to the scope and terms of our brokerage relationship with you. This information includes: (i) the capacity in which we act in connection with the services provided to you, which is solely as a broker-dealer; (ii) material fees and other costs that you pay in connection with our brokerage services; (iii) material facts regarding the type and scope of services that we provide to you, including any material limitations placed on our recommendations and the basis for, and risks associated with, our recommendations; and (iv) material facts relating to conflicts of interest that are associated with recommendations that we make to you.

We are engaged by issuers (“issuer clients”) as a registered broker-dealer in the private placement (each a “Private Offering”) of equity and debt securities (“Securities”). We introduce our issuer clients to investors who are qualified to purchase Securities in a particular Private Offering, such as accredited investors. The Securities that we sell to retail customers are typically offered under Regulation D, Regulation A, and/or Regulation Crowdfunding of the Securities Act of 1933.

For additional information regarding our brokerage services, please see the following documents:

- The Client Relationship Statement (Form CRS) at <https://www.magstarcapital.com/disclosure>.
- The offering memorandum, private placement memorandum or similar offering document and supplements thereto, the subscription agreement, and all other documents related to a particular Private Offering (collectively, “Offering Documents”).

For additional free information regarding Magstar, including disciplinary events, please visit [www.investor.gov](http://www.investor.gov) and <https://brokercheck.finra.org/>. You can obtain a paper copy of this Disclosure Statement and any other disclosures referenced by calling David Magli at (914) 937-7583 or sending him an e-mail at [dmagli@magstarcapital.com](mailto:dmagli@magstarcapital.com).

### **Material Facts About Our Relationship With You – Our Capacity**

We act as a broker (*i.e.*, agent) for retail customers that participate in Private Offerings through us. All recommendations made by us will be in our capacity as a broker.

Our relationship with you is solely in connection with recommending Securities that we offer and sell in a Private Offering. We will not recommend any other type of securities or investment strategies involving securities, or account types. We neither carry customer accounts, nor maintain any clearing arrangement with any clearing firm.

### **Standard of Conduct under Regulation Best Interest**

Pursuant to Reg BI, when we make a recommendation to you to purchase Securities in a Private Offering, we and our registered representatives must act in your best interest at the time the recommendation is made. This means that we and our registered representatives cannot place our financial or other interests ahead of your interests. Our recommendations are based on, among other things, your investment profile and other information that you provide to us. We are not a fiduciary to you.

### **Material Facts About Our Relationship With You – Material Fees and Costs**

The following describes the material fees and costs that apply to recommendations made by us to you:

We do not charge you any fees, including commissions. The issuer of the Securities sold in a Private Offering will pay us transaction-based fees, generally referred to as “placement agent fees” or “commissions.” The fees in these types of transactions are substantial. Magstar is compensated for each Private Offering based on the amount of Securities we and our registered representatives sell. Please refer to the relevant Offering Documents for further fee and expense information.

The material facts regarding the conflicts of interest related to these fees and costs are discussed below in the section “Material Facts Regarding Conflicts of Interest.”

### **Material Facts About Our Relationship With You – Type and Scope of Services**

#### **Brokerage Services**

We do not have the discretion to make investment decisions on your behalf or over any of your assets. Rather, you make the decision to purchase Securities in a Private Offering. Once you receive confirmation of your purchase of Securities, our relationship with you ends and we will not monitor your investment for you.

The material facts regarding conflicts of interest related to the type and scope of services offered by us are discussed below in the section “Material Facts Regarding Conflicts of Interest.”

### **Account Minimums**

Customers do not open or maintain accounts with us. The purchase of Securities in Private Offerings is available only to customers who meet certain financial requirements that the Securities and Exchange Commission (“SEC”) has said indicate that an investor has the financial sophistication to participate in a Private Offering. To purchase Securities in a Private Offering, a customer, at a minimum, must be an “accredited investor,” as defined under the federal securities laws. In addition, each Private Offering has its own required minimum investment amount to purchase Securities, which varies by Private Offering. The relevant Offering Documents provide information on the applicable investment minimums and any other eligibility criteria specific to a Private Offering, the issuer and its Securities.

### **Material Limitations**

We only recommend Securities that are sold in Private Offerings in which we are retained by the issuer client as placement agent or in a similar capacity. We do not recommend any other type of security or any investment strategy. As discussed above, the issuers of the Securities sold in the Private Offerings that we recommend to customers are our clients and pay our fees. The conflicts of interest related to these material limitations are discussed below in the section “Material Facts Regarding Conflicts of Interest.”

### **General Basis for Recommendations**

The general basis for our recommendations (*i.e.*, what might commonly be described as our investment approach, philosophy, or strategy) is based on your “investment profile” (*e.g.*, your financial situation and needs, short- and long-term investment objectives, investment experience, risk tolerance, and any other information that may be relevant to your situation). We will base any recommendation to purchase Securities on our understanding of your investment profile and any other information provided to us, and consistent with our duty of care under Reg BI.

### **Material Risks Associated with Investments and Our Recommendations**

All securities involve risk, the degree of which varies significantly. While we will take reasonable care in developing and making recommendations to you, Securities purchased in Private Offerings are not registered with the SEC and are high-risk investments. These Securities have the real potential for greater losses than lower-risk investments, including the very real risk that you will lose your entire investment. There is no guarantee that you will meet your investment goals or that the Securities you purchase will perform as anticipated.

Even if they offer the potential for greater returns, you should only consider investing in Securities sold in a Private Offering, if your “risk tolerance” (meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals) is extremely high. It is extremely important for you to understand these risks, and Magstar encourages you to carefully consider your investment objectives and risk tolerance before investing. Please consult the

Offering Documents for a discussion of the risks associated with the Securities sold in the particular Private Offering. We can provide those documents to you or help you to find them.

The Offering Documents contain important information about the Securities' issuer and its business, operations, financial condition, the Securities being offered, and the relevant risks of purchasing the issuer's Securities. The following risks are a summary of material risk factors typical of Securities purchased in Private Offerings, but are not meant to be all inclusive:

- **Illiquid Securities.** Securities that are offered and sold in Private Offerings are not registered with the SEC and have limited transferability. As a result, you may not be able to sell any or all of their Securities quickly or at a fair price, or at all, which could cause you to realize a loss on all or part of your investment. Because of a variety of restrictions upon the transferability of the Securities, including restrictions imposed by federal securities laws, you may be required to retain your investment indefinitely. As a result, there may never be a market of any kind for the purchase and sale of the interests, and you must understand that this increases the overall risk of the investment prior to purchasing Securities.
- **The Economy and Volatile Capital Markets.** Conditions in the global capital markets and the economy generally materially affect all issuers. Similarly, concerns over inflation, energy costs, geopolitical issues, the availability, and the cost of credit may contribute to increased volatility and diminished expectations for the economy, the markets or a particular investment going forward. These factors, among others not listed, may contribute to the increased likelihood of failure by the issuer, and loss of the entire investment in a Security. Small and new businesses may be particularly susceptible to such factors and conditions.
- **Forward-Looking Statements.** The Offering Documents provided to you may contain forward-looking statements including without limitation words and expressions such as “will be”, “believe”, “anticipate”, “intend”, “plan”, “seek”, “expects”, “estimates”, “projects” and similar words and expressions. Such statements regarding future events and/or the future financial performance of an issuer are subject to certain risks and uncertainties that could cause actual events or the actual future results of the investment and the issuer to differ materially from such forward-looking statements. Certain of these risks include changes in the markets in which the issuer operates, technological advances, changes in applicable regulations and new entries into the market. In light of the significant risks and uncertainties inherent in the forward-looking statements included in any Offering Documents, the inclusion of such statements should not be regarded as a representation by the issuer or any other person that the objective and plans of the issuer will be achieved, and you should understand that there is a significant risk that they will not be achieved.
- **Lack of Diversification.** Decreased diversification resulting from holding concentrated positions in Securities purchased in a Private Offering typically results in increased risk and volatility, which can result in losses.

The risks of the Securities purchased in a Private Offering are unique. Accordingly, it is extremely important for you to review the relevant Offering Documents, understand the unique risks of the particular investment under consideration, and ask additional questions about the business

practices and risks associated with Securities purchased in a Private Offering. If you cannot find these documents, please ask us to provide them or to help you find them.

### **Material Facts Relating to Conflicts of Interest**

In the relevant Offering Documents, you will find detailed information about the conflicts of interest related to a particular Private Offering. Although we do not charge you any fees, we have a conflict of interest when we recommend a Security to you because your purchase of Securities in a Private Offering will benefit us through the fees we receive from the issuers of the securities.

Magstar is committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest. Below you will find additional information related to potential conflicts of interest. This information is not intended to be an all-inclusive list of potential conflicts but describes those conflicts that may be material to you. In addition to this disclosure, conflicts of interest are disclosed to you in the Offering Documents.

**Magstar's Compensation is Based on the Amount of Securities Sold.** We have conflicts of interest when we act as a placement agent in a Private Offering. We are compensated in connection with selling securities in a Private Offering and we have an incentive to recommend these Securities to you. When we are engaged by an issuer as placement agent or in a similar capacity to offer and sell Securities, we are compensated by the issuer when you purchase the Securities we recommend to you. The placement fees we receive are used to compensate us and our registered representatives for our efforts relating to the sale of securities in the Private Offering. Magstar has implemented policies and procedures to mitigate these conflicts and to require its registered representatives to solicit customers to invest in a specific Private Offering based on whether such investment is in the best interest of a particular customer.

**Financial Interests of Magstar Personnel May Incentivize Magstar Personnel to Promote a Private Offering.** The prospect of Magstar and its registered representatives receiving compensation in connection with the sale of Securities in a Private Offering provides Magstar and our registered representative with an incentive to favor selling one Private Offering over another Private Offering if Magstar or its registered representatives receive higher compensation in connection with a particular Private Offering. We maintain policies and procedures designed to ensure that these conflicts are managed appropriately.

**Personal Trading Activities.** Magstar registered representatives may have interests in, and/or invest in the same Private Offerings as investors. This may create a conflict of interest in that the registered representatives have an interest in the success of the Private Offerings. Our written supervisory procedures are designed to assure that personal securities transactions, activities, and interests of the registered representatives of Magstar will not interfere with making recommendations in the best interests of our customers while, at the same time, allowing Magstar registered representatives to invest for their own accounts. Magstar has procedures to monitor the personal trading activities and securities holdings of each of our registered representatives and includes procedures for limitations on personal securities transactions of associated persons. These policies are designed to discourage and prohibit personal trading that would disadvantage our customers.

## **Additional Resources**

To research Magstar and our financial professionals, you can visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool. You can also call a Magstar registered representative at (914) 937-7583 to request up-to-date disclosure information or to ask any questions you have about this brochure or services offered by Magstar Capital, LLC.