

Brochure Document (Part II of Form ADV)

Capital Investment Advisors, Inc.

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January 1, 2010

This brochure provides information about the qualifications and business practices of Capital Investment Advisors, Inc. Please contact Andrea D. Mears if you have any questions about the contents of this brochure. 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 Capital Investments Advisors, Inc. is available on the Internet at <http://www.sec.gov/IARD/>. You can search this site by a unique identifying number; known as the CRD number The CRD number for Capital Investment Advisors, Inc. is 116241

TABLE OF CONTENTS

<u>Material Changes to Firm Brochure</u>	3
<u>Investment Management Services</u>	3
<u>Investment Objectives and Strategies</u>	3
<u>Capital Investment Advisors</u>	6
<u>Fees and Expenses</u>	7
<u>Opening and Closing an Account</u>	8
<u>Brokerage</u>	9
<u>Personal Trades</u>	10
<u>Custody</u>	11
<u>About the Advisor, Principal & The Firm</u>	11
<u>Privacy Policy</u>	13

MATERIAL CHANGES

Effective January 7, 2010, Capital Investment Advisor is now registered as an SEC advisor.

INVESTMENT MANAGEMENT SERVICES

Capital Investment Advisors, Inc. (We) offers a variety of investment management services directly to individual, trusts, estates, charitable organizations, corporations and business entities.

Individuals

In a typical client engagement, we define the client's investment objectives and risk profile. We then develop an investment strategy for the client based upon the particular needs and circumstances of the client. Assets are then invested in accordance with this strategy pursuant to one of our investment styles described below. The client's portfolio is monitored and each client is provided with an annual performance report.

Business

In a typical business engagement, we define the client's investment objectives and risk profile. If it includes a retirement plan for the employees, then their investment objectives and risk profiles are determined. Assets are then invested in accordance with this strategy pursuant to one of our investment styles described below.

INVESTMENT OBJECTIVE AND STRATEGIES

Trend Following:

We attempt to achieve long-term appreciation of each client's investments by investing primarily in equity securities of US and foreign companies through mutual funds and exchange traded funds. Assets may be invested in individual domestic or foreign equity securities, debt securities, money market funds or cash equivalents.

The manager invests using a trend following system. The system was developed in the 1970's by Dick Fabian and used by his investment clients through a newsletter subscription. In 1992 he sold the newsletter to his son, Doug Fabian. *Successful Investing* is the present name of the newsletter. Information about the system and the newsletter can be found at www.Fabian.com.

The basis of the trend following system is centered on the Domestic Fund Composite index, which was initially developed by Dick Fabian as the Mutual Fund Composite. The composition of the index changes from time to time. As a confirmation of a trend, the Wilshire 5000 index is used. There is a very strong correlation between the two indexes. A positive trend indicated by the two indices results in client assets being moved into the equity market through Exchange Traded funds (ETFs) or mutual funds. A positive trend occurs when the current trend line of the indices moves above the 200-day moving average of the indices. The client assets will remain invested until the current trend line moving below the 200-day moving average of the indices indicates a negative trend. Effectively, the 200-day moving average becomes a stop-loss for the client assets. This minimizes the downside losses of client assets. Historically,

since 1977, the average positive cycle is 14 months. Taxable and non-taxable accounts appropriately use this strategy because most gains result in long-term capital gains.

During periods when the trends are negative or sideways, the strategy may use short-term trend changes allowing Trend-following portfolios to enter or exit the market using shorter term moving averages. Though the Trend Following plan is based on the Fabian system, we may deviate from Fabian when we believe it is in our client's best interest.

We rely on the publisher's information to make our moves in and out of the market. Once we have received a confirmation to enter the market, we will review the investment recommendations made by the newsletter. Through a fund screener available on the Fabian.com website we review the top performing ETFs and mutual funds for the Conservative and Moderate growth areas. We evaluate them on a 4, 8, and 12-week basis along with the year-to-date, 3 year, and 5 year returns. Additionally, we research the investment choices through publicly available research information on the Internet. Investment choices are made and then monitored on a regular basis while we are fully invested. When we move our client assets to cash on a negative trend moving through our moving average line, we invest the assets in money market accounts. Depending upon the economic circumstances we may move some of these assets into short-term corporate notes for greater investment yield. We will also consider investment in Enhanced Index (EIF) funds, which capitalize on the negative trends of the market.

Though the Trend Following plan is based on the Fabian system, we may deviate from Fabian when we believe it is in our client's best interest.

Advisor Choice:

This portfolio attempts to achieve long-term appreciation of each client's investments by investing primarily in equity securities of US and foreign companies. Any portion of this portfolio may be in or out of equity/bond positions. The portfolio will utilize long or short mutual funds and 'baskets' such as iShares, ETF's, PowerShares, etc. Assets may be invested in any sector, in any currency, or in any country including emerging markets and foreign currencies. The portfolio is typically well diversified and invested when the trend is up in that asset class. The advisor may choose to sell a losing position at any time, or take profits when appropriate.

The Advisor researches multiple sources of information and statistics before making investment decisions, such as, but not limited to: macro-economic issues domestically and abroad, politics, world GDP forecasts, charting, fundamental analysis, technical analysis, cyclical analysis, currency forecasts, and relative strength of stocks or sectors. The following resources may be used when making investment decisions: Investment newsletters such as Utility Forecaster, Blue Chip Growth, Navigator Sector, No-Load Navigator Newsletters. Chart forecasting newsletters such as Breakpoint Trades, Sigma Bands, Elliott Wave, and others.

Portfolio 2011:

Some of the world's richest families became wealthy by investing in the growth of companies, as well as betting against irrational markets. 2011 will seek opportunities that arise during periods of market turbulence. Investors must commit to a three-year time horizon and have a high risk tolerance. Traders willing to enter and exit quickly can profit in a whipsaw environment. For example, sudden and violent moves to the downside one day, may be followed by dramatic moves to the upside the next day or two. This portfolio may buy at the end of a dramatic day expecting market reversal, we then may sell that position when it either realized a gain, or we may sell the position to protect the portfolio from a loss. The portfolio may take a long-term view and buy inverse ETF's, which will not do well as the market experiences bull runs within the bear market or commit funds to three-year contracts, hence you must be

willing to stay invested for a three year period. Part of your portfolio may be in or out of the equity/bond market. We may purchase no-load mutual funds, sector rotation positions, as well as ETF positions (baskets of stocks, currencies, commodities, or bonds, long or short) or individual stocks worldwide. The portfolio may buy and sell positions the same day to capture gains or minimize losses.

This portfolio expects to earn a return of 8% annually, but there are no guarantees that this goal will be achieved. Those seeking a guaranteed return should not select this portfolio.

Asset Preservation:

Mimics Advisor Choice but may choose to have a greater portion in cash or income producing positions, or may invest smaller amounts or choose not to participate when risk/reward scenarios are not as favorable. This portfolio attempts to achieve long-term appreciation of each client's investments by investing primarily in equity securities of US and foreign companies. Any portion of this portfolio may be in or out of long or short equity/bond positions. The portfolio will utilize mutual funds, ETF's, UIT's, structured products, stocks and bonds. Assets may be invested in any sector, in any currency, or in any country including emerging markets and foreign currencies. The portfolio is typically well diversified and invested when the trend is up in that asset class. The advisor may choose to sell a losing position at any time, or take profits when appropriate.

The Advisor researches multiple sources of information and statistics before making investment decisions, such as but not limited to: macro economic issues domestically and abroad, politics, world GDP forecasts, charting, fundamental analysis, technical analysis, cyclical analysis, currency forecasts, and relative strength of stocks or sectors. The following resources may be used when making investment decisions: Investment newsletters such as Utility Forecaster, Blue Chip Growth, Navigator Sector, No-Load, Fidelity, Mutual Fund and ETF Newsletters. Internet chart forecasting newsletters such as Investor Flash, Sigma Bands, Elliott Wave, and others.

401K or Small Balance Portfolios:

These portfolios may be invested in mutual funds to enhance diversification.

Risks

Investments are subject to a number of risks, including the risk that security prices may decline over short or even extended periods, adverse economic, political or financial market conditions, and interest rate increases. The following types of risks may significantly affect the performance of a client's investment portfolio.

Smaller Capitalization Stocks

Assets may be invested in smaller capitalization securities or mutual funds, which involve greater risks than larger capitalization securities or mutual funds. The price of smaller capitalization securities or mutual funds may be more volatile. In addition, issuers of such securities or mutual funds often have limited product lines, markets, and financial resources.

Market Volatility

Values in equity markets can go down. Adverse issuer, political, economic or market events can cause significant declines in the values of both debt and equity securities.

Interest Rates

Increases in interest rates may cause the price of debt securities to decline.

Foreign Securities

Assets may be invested in foreign-equity securities or mutual funds, which involve risks in addition to those associated with domestic investments. These risks include adverse legal, political, or economic developments. Since the economies of foreign countries generally are heavily dependent upon international trade, trade barriers and exchange controls may adversely affect companies located in such countries

Because the securities purchased in a foreign market may be denominated or quoted in currencies other than the US dollar, changes in foreign currency exchange rates may also affect the value of securities.

Foreign governments may impose withholding taxes, exchange controls or other governmental restrictions. There is also the possibility of expropriation of assets and confiscatory taxation. There may be less publicly available information about foreign companies than about comparable US companies. Foreign companies also may have accounting, auditing, and financial reporting standards that are less uniform or stringent than those applicable to US companies.

Over-the-Counter Securities and Private Investments

The manager may invest client assets in equity securities traded on the over-the-counter market and in private placements. Such securities present greater liquidity risks than exchange-traded securities or mutual funds.

Illiquid Securities

The firm will not invest in illiquid securities.

CAPITAL INVESTMENT ADVISORS, INC.

We serve as the investment manager for each client account. We are a separate business and are not a subsidiary of James A. Schorner, P.A. doing business as Schorner & Associates. We were incorporated in the State of Florida in 2001.

Money Management and Financial Planning

Ninety-nine percent (99%) of our time is associated with management of client assets. The balance of the time is spent with financial planning or consultations.

Other Industry Activities and Affiliates

At this time we are not affiliated with a broker-dealer. Andrea D. Mears is employed by Capital Investment Advisors. Fidelity Institutional Brokerage Group is the only custodian for fee-based accounts.

Review of Client Accounts

We review client accounts at least quarterly. We verify that trades have been properly executed and that the positions held by clients are appropriate. We issue quarterly performance reports to clients that show the value of their account and the gain or loss for that period and year-to-date.

Investment Discretion

We generally have investment discretion over the assets of each of its clients. We may therefore, without first obtaining client consent, buy and sell securities or mutual funds, determine the broker-dealers to be used, and determine the commission rate to be paid, if any. Clients that grant us discretionary authority, have the right to modify established objectives and impose reasonable investment restrictions on their accounts by giving written notice to us.

For us to exercise investment discretion over your account, you must execute a limited power of attorney and investment management agreement, each of which gives us the express authority to make discretionary trades on your behalf. As of January 1, 2006 we had discretionary authority over 100% of the assets under our investment management.

Proxy Voting

We do not vote on your behalf. The client retains the right to vote all proxies, which are solicited for securities held in the Portfolio. Any proxy solicitation received at the Company's place of business will be immediately forwarded to the Client for their evaluation and decision.

FEES AND EXPENSES

Annual Managed Account Fee (based on beginning of quarter market value)	
Accounts up to \$500,000	1.25%
Accounts above 500,000 – 1,000,000	1.00% on the first \$1,000,000
Next 2,000,000	.85%
Amounts over 3,000,000	.65%

Fees may vary from the schedule due to particular circumstances or if we negotiate otherwise, but in no case will fees be higher than stated above.

In addition to money management fees, we may charge an hourly fee for administration requests such as, but limited to, a change in trustee/successor trustee, adding trustees/successor trustees, assisting trustees in their duties, filing death certificates, etc...

Each client is billed on a quarterly basis, paid in advance. Accounts established during the quarter will be billed based on the value of the account at the day of opening. The fees will be prorated according to the number of days remaining in the current quarter. Going forward, all quarterly fees will be charged in advance during the first month of the quarter and will be based on the balance at the end of the previous quarter. Unless there are other arrangements, fees will be withdrawn from the account.

Prior to the effective date of any change in fees, we will notify you in writing. You then have the option of terminating your agreement with us before the effective date of the fee increase.

Financial Planning and other Fees

For financial planning or consultative work, the hourly fee is \$150.00 per hour. This may include, but is not limited to, providing advice on income from investments, income/expense budgeting, long-term care or Medicaid planning, or providing analysis on currently-held securities, annuities or life insurance policies.

OPENING AND CLOSING ACCOUNTS

Clients include high net worth individuals, trusts, pension and profit sharing plans, and other entities. Prior to becoming a our client, you must complete an account application and a questionnaire designed to determine the client's investment profile.

The minimum initial investment to open an account is \$300,000.00. There is no minimum requirement for subsequent investments. Individual, corporate or business or joint tenancy accounts, Gifts or Transfers to Minor accounts, Individual Retirement Accounts (IRAs), and Roth IRAs may be opened. A SIMPLE or Individual 401K may be established by businesses. Under certain situations, accounts for less than the minimum may be opened.

Investors may initiate transactions, obtain account balances and holdings, and review recent account history by telephone or electronically through our website, www.followingtrends.com. The manager has instituted security procedures designed to verify the identity of the client. For example, the manager may request personalized security codes or other information from clients to make such transactions.

Either of us may terminate the investment management relationship upon 30 days written notice. Upon termination, the fees due to the firm shall be pro-rated. Client securities positions will be liquidated or delivered in kind, as the Client requests.

BROKERAGE

When placing trades for clients, we allocate brokerage transactions to Fidelity Institutional Brokerage Group for execution on securities markets at the prices and transaction fees set by

Fidelity. We are not paid commissions nor do we share in the transaction fees charged to you from Fidelity.

Brokerage Allocation

We select Fidelity Institutional Brokerage Group for transactions in securities.

Aggregation of Trades

Investment decisions for each client are made independently for each client. Nevertheless, it sometimes happens that the same security may be appropriate for more than one client, so that the same security may be purchased or sold simultaneously for more than one client's account. When two or more clients are simultaneously engaged in the purchase or sale of the same security, the prices and amounts are allocated in accordance with procedures believed to be appropriate for each client. In most cases, the transaction will be averaged as to price with transaction costs shared pro-rata based on each client's participation in the transaction. Available investments are allocated as to amount as nearly as practicable in proportion to the amounts purchased or sold for each such client. If an aggregated transaction is not filled completely, we will allocate the partially filled transaction on an equitable basis, either by a pro-rata allocation or a random assignment of the allocation.

We will aggregate transactions only if we believe that aggregation is in the best interest of the applicable clients, is consistent with its duty to seek best execution for our clients, and is consistent with the terms of its investment advisory agreement with each client for whom transactions are being aggregated. Nevertheless, the system we employ may have a detrimental effect on the price or value of the security as far as each client is concerned. In other cases, however, the ability of the clients to participate in volume transactions will produce better execution prices for the funds.

Use of a Custodian

We use Fidelity Institutional Brokerage Group as the custodian of our funds. They have commission rates that are below the industry and comparable to discount brokerage rates. Their platform offers us many services, such as retirement services, financial planning services, research, wealth management strategies, insurance, and management tools that allow us to provide the level of service to clients that we have set forth. In addition, the technology platform meets our needs and continues to be updated to meet future needs.

PERSONAL TRADES

We have adopted a code of ethics and insider trading policies and procedures that govern personal securities trades by its employees and certain other persons ("access persons"). Each

access person must receive prior approval for opening a personal securities account and report securities transactions to the firm on a monthly basis. Prior to making an equity securities trade, an access person generally must clear the trade with the firm. Any access person or CIA employee, under no circumstances, will be able to buy or sell on the same day at beneficial prices, a security currently held by a CIA client. Also, under no circumstances may securities trades made by certain access persons (e.g., a portfolio manager) be made 5 days before or after a client trade if that would possibly provide an undue benefit to the access person because of material public information or material non-public information. Access persons are required to direct broker-dealers where they maintain accounts, to send duplicated confirmations and account statements to the firm.

We periodically reviews the trades of access persons and take other actions in attempt to detect violations of the firm's code of ethics and insider trading policies and procedures. Employees who commit violations are subject to a variety of sanctions, including monetary penalties, suspension or termination.

We have adopted procedures designed to prevent employees from committing prohibited insider trading. Employees in possession of material, nonpublic information may not trade in securities to which the information relates to tip such information to others. In certain instances, the firm will employ information blocking devices (e.g., "Chinese Walls"), watch lists, and restricted lists as a means of preventing illegal insider trading.

Our employees may invest in the same securities as our clients, including related securities such as options and derivatives. In addition, employees may have an interest or position in certain securities that may also be recommended to a client. Such positions and such trades made at or about the same time as client trades present a conflict of interest between our personnel and clients. We address this conflict through the procedures described above, which are designed to ensure that no client is disadvantaged in any way by trades of our employees. For example, our employees must pre-clear trades and no employee may purchase or sell any security prior to a transaction involving the same or related security being implemented for an advisory account.

REFERRAL ARRANGEMENTS

We may receive referrals from clients. It is our policy to not compensate the referring party. James A. Schorner, P.A., a professional accounting and attorney firm, is an affiliated company owned by the same principal, James A. Schorner. There will be referrals received from this firm on a regular basis. There is no compensation provided to either party for referrals.

Mr. Schorner does not provide legal services through Capital Investment Advisors, therefore any conversation or consultation with Mr. Schorner or other relationships created through Capital Investment Advisors are not considered an attorney/client relationship and no attorney/client privileges exist.

CUSTODY

Fidelity Institutional Brokerage Group is custodian of the assets in our client's accounts. Fidelity Institutional Group performs the following services for clients: (1) custody; (2) trade execution; (3) advice on specific securities; and (4) certain back office services, including preparation of client account statements, downloading client account information, and fulfillment services. Fidelity currently waives custodial fees in exchange for transactional fees generated by the account relationship and other relationships they have established with mutual fund carriers.

ABOUT THE ADVISOR, DIRECTORS, AND THE FIRM

The CRD number for the principle owner, James A. Schorner is 4465833.

James A. Schorner, Esq., CPA

Juris Doctor from University of Pittsburgh, Certified Public Accountant, member of Indian River Estate Planning Council.

James A. Schorner, P.A.. 1982 – current

Previously employed with Touche Ross & Co. (now known as Deloitte & Touche) as a manager in their tax department.

The CDR number for Andrea D. Mears is 2843116.

Andrea D. Mears is an Investment Advisor and the Chief Investment Officer of Capital Investment Advisors, Inc. She is not a shareholder of Capital Investment Advisors, Inc. As advisor, Andrea helps clients identify their financial goals, investment preferences and risk tolerance. She then develops and implements an investment strategy for each client tailored to their financial needs. In addition, she stands ready to respond to identified changes in the client's financial circumstances and to implement investment decisions based on these changed circumstances.

Andrea performs quantitative and fundamental research on stocks, bonds, and other securities and provides investment advice to clients on our behalf.

In her capacity, Andrea has the responsibility for the management of Capital. This includes supervising any firm employees and managing the financial affairs of the firm. She is also the Chief Compliance Officer.

OTHER BUSINESS ACTIVITIES

Andrea is licensed as a health/life insurance agent with the state of Florida, and from time to time sells insurance products of certain insurance companies. She is also licensed to sell variable annuities and variable life insurance products, as well as long term care programs. She devotes the majority of her time as an investment manager, and a lesser extent of her time to the sale of insurance products.

If Andrea recommends the purchase of an Insurance related product within a financial plan, client understands that they may implement that transaction with any Insurance agent or any other company. If the client desires to have Andrea place this business, she will be compensated by the insurance company via commissions.

PROFESSIONAL BACKGROUND for ANDREA D. MEARS

May 2005 - Present

Capital Investment Advisors, Inc, a Registered Investment Adviser. Andrea holds the position of Chief Investment Officer

August 2005 – December 2006

Registered Representative of Purshe Kaplan Sterling Investments, member NASD/SIPC Headquartered at 18 Corporate Woods Blvd., Albany, NY 12211

1999 – May 2005

Sigma Planning Corporation, a Registered Investment Advisor, as an Investment Advisory Representative, and Sigma Financial Corporation, a broker/dealer NASD, SIPC as a Registered Representative.

1996 - 1999

New York Life Insurance Company as a Life Insurance Agent, and New York Life and Annuity Corporation as a Registered Representative.

1994 - 1996

American Express / GE Capital a Long Term Care specialist and licensed Life/Health Insurance Agent.

1991 - 1994

Tropical Shipping, St. Barthelemy, French West Indies as assistant manager.
Principal owner of USA Direct, an importer of hotel & restaurant supplies.

DESIGNATIONS, REGISTRATIONS AND LICENSES

Licensed Insurance Agent - Life, Health, (1994) and Variable Annuity (1996)

National Association of Securities Dealers licensed Series 6, 63 and Series 65. Andrea has passed five classes in the Certified Financial Planner series.

COMPENSATION

Andrea, from time to time, may earn commissions for the firm by selling insurance products. This creates a conflict of interest because she has the financial incentive to recommend these insurance products to clients instead of insurance companies that may not pay a commission. Capital requires Andrea to disclose the conflict prior to recommending any insurance products to a client for which she will receive a commission.

INVESTMENT ADVICE AND SUPERVISION

Andrea provides investment advisory services to clients under the immediate supervision of James A. Schorner, President of Capital Investment Advisors, Inc. Mr. Schorner can be reached at (772) 231-5300.

Capital Investment Advisors, Inc. Privacy Policy

Like all providers of personal financial services, are now required by law to inform their clients of their policies regarding privacy of client information. Investment professionals have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. Therefore, we have always protected your right to privacy.

Types of Nonpublic Personal Information We Collect

We collect nonpublic personal information about you that is provided to us by you or obtained by us with your authorization.

Parties to Whom We Disclose Information

For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include, for instance, providing information to our employees, and in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared. The significant third party that we would provide information to is **James A. Schorner, P.A.**, the attorney and CPA practice that is owned by James Schorner, also.

Protecting the Confidentiality and Security of Current and Former Clients' Information

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and, in some cases, to comply with professional guidelines. In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

Please call if you have any questions, because your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us. 772 231-5300