

**FORM ADV****Part II - Page 1****Uniform Application for Investment Adviser Registration**

OMB APPROVAL	
OMB Number:	3235-0049
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Name of Investment Adviser: MCG Capital Management, LLC					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone number:
33 Wildwood Street, Winchester MA 01890				(781)	721-6754

This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.

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(Schedules A B C D and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

Applicant:  
MCG Capital Management, LLC

SEC File Number:  
801-

Date:  
02/22/2010

1. **A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

- |                                     |                                                                                                                                                              |       |   |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services .....                                                                                                           | 100   | % |
| <input type="checkbox"/>            | (2) Manages investment advisory accounts not involving investment supervisory services .....                                                                 | _____ | % |
| <input type="checkbox"/>            | (3) Furnishes investment advice through consultations not included in either service described above ..                                                      | _____ | % |
| <input type="checkbox"/>            | (4) Issues periodicals about securities by subscription .....                                                                                                | _____ | % |
| <input type="checkbox"/>            | (5) Issues special reports about securities not included in any service described above .....                                                                | _____ | % |
| <input type="checkbox"/>            | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices<br>which clients may use to evaluate securities ..... | _____ | % |
| <input type="checkbox"/>            | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities ...                                                    | _____ | % |
| <input type="checkbox"/>            | (8) Provides a timing service .....                                                                                                                          | _____ | % |
| <input type="checkbox"/>            | (9) Furnishes advice about securities in any manner not described above .....                                                                                | _____ | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? ..... 

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

- C. Applicant offers investment advisory services for: (check all that apply)

- |                                                                                 |                                                |
|---------------------------------------------------------------------------------|------------------------------------------------|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input checked="" type="checkbox"/> (6) Other  |

- D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |                                                                         |                                                                                                        |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)                                             |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |                                                                                                        |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |                                                                                                |                                                                            |
|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> A. Equity securities                                       | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                             | <input checked="" type="checkbox"/> I. Options contracts on:               |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                     | <input type="checkbox"/> (1) securities                                    |
| <input checked="" type="checkbox"/> (3) foreign issuers                                        | <input type="checkbox"/> (2) commodities                                   |
| <input checked="" type="checkbox"/> B. Warrants                                                | <input type="checkbox"/> J. Futures contracts on:                          |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
| <input checked="" type="checkbox"/> D. Commercial paper                                        | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                 | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> F. Municipal securities                                    | <input type="checkbox"/> (1) real estate                                   |
| <input type="checkbox"/> G. Investment company securities:                                     | <input type="checkbox"/> (2) oil and gas interests                         |
| <input type="checkbox"/> (1) variable life insurance                                           | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| <input type="checkbox"/> (2) variable annuities                                                | <input type="checkbox"/> L. Other (explain on Schedule F)                  |
| <input checked="" type="checkbox"/> (3) mutual fund shares                                     |                                                                            |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |                                                   |                                                            |
|---------------------------------------------------|------------------------------------------------------------|
| (1) <input checked="" type="checkbox"/> Charting  | (4) <input checked="" type="checkbox"/> Cyclical           |
| (2) <input type="checkbox"/> Fundamental          | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical |                                                            |

B. The main sources of information applicant uses include: (check those that apply)

- |                                                                               |                                                                                                                |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| (1) <input type="checkbox"/> Financial newspapers and magazines               | (5) <input type="checkbox"/> Timing services                                                                   |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases                                                            |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input type="checkbox"/> Other (explain on Schedule F)                                                     |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |                                                                                                  |                                                                                                                                 |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions                                                                     |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)                                                                      |
| (4) <input checked="" type="checkbox"/> Short sales                                              |                                                                                                                                 |

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ----- Yes ☒ No ☐  
(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a-
- |                                                                                                                |                                                                                    |
|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <input type="checkbox"/> (1) broker-dealer                                                                     | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company                                                                | <input type="checkbox"/> (8) law firm                                              |
| <input type="checkbox"/> (3) other investment adviser                                                          | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm                                                           | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution                                                     | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes ☐ No ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes    No  
☒    ☐

(If yes, describe on Schedule F)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

The applicant's President, Michael Giese, continuously reviews all accounts. Securities currently held continue to be evaluated for appropriateness within client accounts and new investments are researched daily. Clients provide applicant with full discretionary power to make adjustments within the accounts at the frequency deemed appropriate by Mr. Giese.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Adviser provides a report to clients that may include, but not be limited to, custodial items of interest, market insight or current research. This report is provided at least quarterly.

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |                                                          |                                         |                                        |
|----------------------------------------------------------|-----------------------------------------|----------------------------------------|
| (1) securities to be bought or sold? .....               | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |
| (2) amount of the securities to be bought or sold? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |
| (3) broker or dealer to be used? .....                   | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| (4) commission rates paid? .....                         | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ..... Yes ☒ No ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. if the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |                                                                                                                                                                                       |                                         |                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....                                                                                                          | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? ..... Yes ☐ No ☒

**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

MCG Capital Management, LLC

SEC File Number:

801-

Date:

02/22/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: MCG Capital Management, LLC		IRS Empl. Ident. No.: 26-1637416
Item of Form (identify)	Answer	
1.D.	<p>Applicant provides continuous investment supervisory services on a fully discretionary basis.</p> <p>Applicant offers three risk management programs named Conservative Retirement, Conservative Non-Retirement and Aggressive/Margin. Applicant also offers an Income/Margin Option Program for clients who are interested in a speculative program. Under these programs, applicant generally charges a 1.90% fee based on the assets under management. However, for those accounts that qualify pursuant to SEC Rule 206(4), a performance-based fee will be offered. The performance fee will be 10% of profits plus 0.90% of assets under management. For clients electing a performance-based fee, the basis for Client's account will be the account value on the last trading day of the most recent prior year for which the account showed a profit. The basis may include both cash and existing open positions marked to market. The basis for new accounts will be in the initial deposit. The basis will be adjusted for account additions and withdrawals made during the measurement period. All clients will be billed annually in arrears, on a calendar-year basis. The value of the account will be based upon the assets in the account as of the last trading day of the calendar year.</p> <p>Clients who have entered agreements with applicant prior to January 2, 2010 may have fee schedules different than indicated above.</p> <p>Advisor's fees do not include brokerage commissions, transaction costs or custodial fees. Mutual fund shares in which a client's assets may be invested charge investment advisory fees and other expenses as described in the fund's prospectus. These fees are separate from, and in addition to, Advisor's fees. Applicant also offers to manage client assets held within a Jefferson National Annuity. Applicant charges 1.40% of assets under management for this service.</p> <p>Pursuant to 950 CMR Section 12.205(8)(d), Advisor discloses that clients may call the Commonwealth of Massachusetts, Securities Division, at (617) 727-3548 and obtain any disciplinary history which may exist regarding the investment adviser or any of the adviser's representatives.</p>	
5.	<p>Any person providing investment advice to clients on behalf of applicant will need both a college degree and substantial trading experience.</p>	

**Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

MCG Capital Management, LLC

SEC File Number:

801-

Date:

02/22/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: MCG Capital Management, LLC		IRS Empl. Ident. No.: 26-1637416
Item of Form (identify)	Answer	
6.	The only person providing investment advice on behalf of the applicant is Michael C. Giese. Mr. Giese was born in 1952. He attended the United States Air Force Academy and obtained a B.S. in Astronautical Engineering in 1974. Mr. Giese has been trading in his own account for over 30 years.	
7.	The principal of the applicant will have resigned as a captain with a major U.S. airline as of May 2, 2010.	
9.	<p>The applicant believes very strongly in the investment philosophy proscribed by applicant and Applicant's President invests a portion of his investable assets in a manner consistent with the investment advice given to clients. Mr. Giese will ensure that no personal trades receive better execution than client trades and will maintain strict compliance with the Insider Trading Rules.</p> <p>Applicant has adopted a Code of Ethics, the full text of which is available to clients upon request. The Firm has several goals in adopting this Code. The firm desires to comply with all applicable laws and regulations governing its practice. Management of the firm has set forth guidelines for professional standards, under which all associated persons are to conduct themselves. The firm has set high standards, the intention of which is to protect Client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with Clients. In addition, the firm maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the firm or any person associated with the firm.</p>	
10.	Applicant generally requires a prospective client have a minimum of \$300,000 in investable assets prior to accepting the account for management. This minimum can be waived when deemed appropriate by the applicant's President.	
12.A.	Applicant uses Fidelity Brokerage Services, LLC and BrokersXpress. These firms are recommended because they provide the type of order entry platform and web services that are needed to manage multiple accounts. Applicant believes these firms provide discounted rates and provide execution services that are comparable to other firms. However, it is possible that other firms may charge lower commission rates and provide equivalent or better transaction execution. Applicant receives no cash or other direct remuneration, only the knowledge that Fidelity and BrokersXpress provide easy to read client statements and excellent administrative service.	

**Complete amended pages in full, circle amended items and file with execution page (page 1).**



**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:

MCG Capital Management, LLC

SEC File Number:

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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: MCG Capital Management, LLC		IRS Empl. Ident. No.: 26-1637416
Item of Form (identify)	Answer	
13.B.	<p>Applicant has entered into a solicitor's agreement with the following persons whereby applicant will pay, on an annual basis, a portion of the fees received from the clients that were directly referred to by these individuals. The fees the company charges these clients are not increased due to this arrangement. The solicitors do not qualify as control persons.</p> <p>The names of the solicitors we currently have a contract with are:</p> <p>John Krowiak 8 Ancient Rubbly Way Beverly MA 01915</p>	

**Complete amended pages in full, circle amended items and file with execution page (page 1).**