

Part 2A of Form ADV: Firm Brochure

Check Capital Management Inc.

575 Anton Blvd., Suite 500
Costa Mesa, CA 92626

Telephone: 714-641-3579
Email: info@checkcapital.com
Web Address: www.checkcapital.com

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This brochure provides information about the business practices and key personnel of Check Capital Management Inc. (also referred to as "Check Capital" or "CCM"). If you have any questions about the contents of this brochure, please contact us at 714-641-3579. The information here has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Check Capital Management Inc. is also available on the Securities and Exchange Commission's website at www.adviserinfo.sec.gov. You can search this site using a unique identifying number, known as a CRD number. Our CRD number is 107058.

Material Changes

This brochure is our disclosure document, prepared according to the Security and Exchange Commission's requirements and rules. This Brochure will be used to provide our clients with a summary of new and/or updated information.

Since our last ADV (dated March 31, 2012), we raised our new-account minimum from \$250,000 to \$500,000. Also, we added two investment professionals.

Consistent with the rules, you will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of Check Capital's fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 1 Advisory Business

Check Capital Management Inc. is an SEC-registered investment advisor with its principal place of business located in Costa Mesa, California. Check Capital Management Inc. began conducting business in 1987. The firm has only one principal shareholder, Steven Check.

Managed Accounts: Check Capital's primary business is the management of Client accounts. Investments are predominantly in U.S. equities, corporate and municipal bonds and covered-call stock options. In addition, we may advise Clients on other securities, including mutual funds, exchange-traded funds, warrants, etc. Check Capital provides asset-allocation advice (stocks, bonds, cash weighting), as well as retirement income-planning services.

Check Capital asks the Client for specific information, such as investment objectives, risk tolerance, investment time-horizon, tax considerations, and any reasonable restrictions on the management of the Client's assets. We will invest the Client's account assets based on those guidelines and in accordance with the Check Capital Investment Program selected by the Client. It is the Client's responsibility to inform Check Capital of any changes. Check Capital does not and will not assume any responsibility for the accuracy of information provided by the Client.

On a very limited basis, Check Capital Management Inc. recommends and refers clients to unaffiliated money managers (sub-advisors). Through this arrangement, the sub-advisor will assist and advise the client in establishing investment objectives, develop an investment strategy to meet those objectives, then identify/purchase appropriate investments and monitor such investments. In consideration for such sub-advisor services, the sub-advisor will receive an investment advisory fee. Check Capital does not receive an investment advisory fee on these assets. The Client, prior to

entering into a written agreement with the sub-advisor, will be provided with the sub-advisor's Form ADV Part 2.

Mutual Fund: Check Capital Management Inc. is the investment advisor to the Blue Chip Investor Fund, an investment company registered under the Investment Company Act of 1940. The Fund Prospectus and Statement of Additional Information are available online at www.bluechipinvestorfund.com. Prospective investors should review these documents carefully before making an investment in the Blue Chip Investor Fund.

Limited Partnership: Check Capital Management Inc. manages a limited partnership, CCM Private Fund LP, formed for investment purposes. Investment in the partnership involves additional risk and is suitable only for high-net-worth clients. Individuals interested in the CCM Private Fund LP should refer to the partnership's private placement memorandum for more information.

Publication of Periodicals: Check Capital Management Inc. publishes a monthly newsletter, *The Blue Chip Investor*, providing general information on equity investing, asset allocation, market valuations, etc. The information provided does not purport to meet the objectives or needs of any individual investor. The annual subscription rate is \$249. The newsletter is provided free of charge to advisory clients.

Amount of Managed Assets: As of June 30, 2012, Check Capital was actively managing \$428 million of Clients' assets on a discretionary basis, plus \$104 million of Clients' assets on a non-discretionary basis.

Item 2 Fees and Compensation

Check Capital Management offers clients two fee-schedule choices for its asset-management services. One choice is a performance-based management fee and the other is an asset-based management fee. Most Clients have selected the performance-based management fee.

Performance-Based Management Fee: Clients pay a management fee only when their account earns money. Profits are defined as the change in the portfolio value, net of deposits and withdrawals. Fees are calculated and invoiced annually. Should there be a loss in a particular year, no fee will be assessed, and the loss will be carried forward to offset profits accrued in future years. If the Client places a “no new buys” trading restriction on the account or cumulatively withdraws more than 10% of the account’s value when it is down 10% or more from its last billing (or the account’s inception), the account will thereafter be invoiced management fees in accordance with the asset-based management fee. For a Client to hire a manager under a profit-based-fee arrangement, the SEC requires that a) the Client’s net worth be at least \$2 million (exclusive of the Client’s equity in his/her primary residence), or b) the Client’s assets with the manager be at least \$1 million. In signing an agreement which designates the “profit-based management fee” option (without having CCM manage \$1 million), the Client acknowledges meeting the net-worth requirement.

SEC-mandated disclosure: A performance-based fee arrangement may create certain conflicts of interest and clients should understand that (i) performance-fee arrangements may create an incentive for the manager to make investments that are riskier or more speculative than would be the case in the absence of a performance fee; (ii) the manager may receive compensation with regard to unrealized (not sold) appreciation as well as realized (sold) gains in the client’s account; and (iii) the fees charged by

managers in performance-fee arrangements may be higher or lower than fees charged by other advisors for comparable services.

Asset-Based Management Fee: The Client will be charged a management fee based on the value of the Client's account. The annual fee is 1.0% of assets for equity-oriented accounts and 0.5% of assets for fixed-income accounts. Fees are charged quarterly, with a minimum quarterly fee of \$100.

Additional Fees and Expenses: In addition to advisory fees, the Client is also responsible for transaction charges imposed by the brokerage firm in which Check Capital effects transactions for the Client's account(s).

Minimum Account Requirements: Check Capital Management Inc. generally imposes a minimum investment of \$500,000 per new Client and reserves the right to decline any prospective Client.

Termination of the Advisory Relationship: Within five (5) business days after the execution of the Investment Advisory Agreement, a Client will have the right to terminate the agreement without liability for management fees. However, any investment action taken by Check Capital Management Inc. regarding the client's account prior to the effective date of such termination shall be at Client's risk. After five business days, either party may terminate the agreement at any time by written notice of such termination to the other party. Upon termination of an account, any prepaid, unearned fees will be refunded.

Mutual Fund Fees: All fees paid to Check Capital Management Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus.

These fees will generally include a management fee and other fund expenses.

Wrap Fee Programs and Separately Managed Account

Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by Check Capital. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client portfolio transactions are executed without commission charges in a wrap fee arrangement.

ERISA Accounts: Check Capital Management Inc. is deemed to be a fiduciary to advisory clients who have employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA") and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances does Check Capital require or solicit payment of fees more than six months in advance of services rendered.

Item 3 Types of Clients

Check Capital Management Inc. provides advisory services to individuals, companies, a mutual fund and a limited partnership. Check Capital can manage almost any type of account (individual, joint, trust, IRA, profit-share, etc.) that can be opened at a brokerage firm.

Item 4 Investment Strategies and Risk of Loss

Depending on Clients' investment objectives, risk tolerance and time horizons, Clients choose (with our guidance) a Check Capital investment program. The portfolios usually consist of stocks, bonds and/or covered-call options. Our investment programs are known as 1) Quality Growth Program; 2) Equity-Income Program; 3) Owner-Operator Program; 4) Balanced Program and 5) Fixed-Income Program. For non-discretionary accounts, Clients can choose our flexFolio Program. High-net-worth Clients may consider investing in the CCM Private Fund. Clients can learn about these programs by discussing them with Check Capital Management Inc. personnel or referring to our marketing literature.

The performance of CCM programs is verified by a CPA. The CPA's performance verification report is available upon request.

Check Capital Management Inc. employs a fundamentals-based investment methodology. We attempt to buy high-quality securities when their prices are attractive. Our securities analysis makes use of publicly available sources of information. While we carefully scrutinize all information, there is always a risk that our analysis may be compromised by undetected inaccuracies. In addition, even with accurate information, our conclusions may prove to be wrong and investments for Clients may consequently result in losses.

Item 5 Disciplinary Information

Check Capital Management Inc. is required to disclose all legal and disciplinary events that are material to a Client's or prospective Client's evaluation of our advisory business or the integrity of our management. Check Capital and its

management personnel have no reportable disciplinary events to disclose.

Item 6 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

Item 7 Code of Ethics and Personal Trading

Check Capital Management Inc. has adopted a Code of Ethics that sets forth high ethical standards of business conduct which we require of our employees, including compliance with applicable federal securities laws. Check Capital and its personnel owe a duty of loyalty, fairness and good faith toward all Clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

The CCM Code of Ethics sets forth policies and procedures for the review of quarterly securities transactions reports, as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Moreover, our Code includes oversight, enforcement and recordkeeping provisions.

The CCM Code of Ethics further includes Check Capital's policy prohibiting the use of material non-public information. While we believe that we have no particular access to non-public information, all employees are reminded that such

information may not be used in a personal or professional capacity.

CCM's Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

A copy of the CCM Code of Ethics is available to our advisory Clients and prospective Clients. You may request a copy by email (ccminfo@checkcapital.com) or by calling us (714-641-3579).

Check Capital Management Inc. and its employees may buy or sell for their personal accounts any securities identical to or different from those recommended to our Clients. In addition, any employee may have an interest or position in certain securities which may also be recommended to a Client. Employees are prevented from benefiting from transactions placed on behalf of advisory accounts.

Side-by-side management refers to the fact that Check Capital Management Inc. manages accounts for individuals, a mutual fund and a limited partnership. Check Capital has policies in place to ensure that all clients of the firm, regardless of entity, are treated similarly regarding trade order and allocation.

Check Capital Management Inc. has trade-error policies that neither advantage nor disadvantage Clients; errors are simply corrected. Correcting trade errors may result in a gain or loss to Check Capital.

Item 8 Brokerage Practices

Check Capital Management Inc. does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Check Capital Management Inc. will order block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple Client accounts. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Check Capital will typically aggregate trades among Clients whose accounts can be traded at a given broker and will generally rotate or vary the order of brokers through which it places trades for Clients on any particular day.

Check Capital Management Inc. has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides Check Capital with "institutional platform services." These services include, among others, brokerage, custody and other related services. Fidelity institutional platform services that assist Check Capital Management Inc. in managing and administering Clients' accounts include software and other technology that (i) provide access to Client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple Client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from CCM Client accounts; and (v) assist with back-office functions, recordkeeping and Client reporting.

Fidelity also offers other services intended to help Check Capital manage and further develop its advisory practice. Such services include, but are not limited to, access to educational conferences, roundtables and webinars; practice

management resources; and access to consultants as well as other third-party service providers (who offer a wide array of business-related services and technology) with whom Check Capital Management Inc. may contract directly.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts. (Transaction fees are charged for certain no-load mutual funds; commissions are charged for individual equity and debt securities transactions.)

Check Capital Management Inc. has similar brokerage-firm relationships with Schwab Institutional and TD Ameritrade Institutional. Schwab Institutional is a division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member.

In circumstances where Check Capital Management Inc. is required to execute transactions through a specific broker (aka "Directed Brokerage"), the Client should understand that: (1) Check Capital will not negotiate specific brokerage commission rates with the broker on the Client's behalf or seek better execution services or prices from other broker/dealers and, as a result, the Client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case; (2) Check Capital may enter trade orders for the Client's account after large batched trade orders are executed for Clients at other brokerage firms, with the result that market movements may work against the Client; and (3) conflicts may arise between the Client's interest in receiving best execution with respect to transactions effected for the

account and Check Capital's interest in receiving future Client referrals from the broker.

In some cases, Check Capital may, if it feels it is in the best interests of the Client, place Client trades through a prime broker or trade-away arrangement (i.e., securities are purchased or sold through an outside broker and then transferred to the Client's account). In addition to the customary trading cost, the custodial broker will charge the Client a fee for such trades.

Check Capital Management Inc. may "cross" trades between Clients when CCM decides it is in the Clients' best interests.

Check Capital Management Inc. is independently owned and operated and not affiliated with any brokerage firm.

Item 9 Review of Accounts

Underlying securities within Individual Portfolio Management Services accounts are frequently monitored. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. Reviews may be triggered by material changes in a client's individual circumstances.

Item 10 Client Referrals and Other Compensation

Check Capital Management Inc. may pay referral fees to independent persons or firms ("Solicitors") for introducing Clients to CCM. Whenever Check Capital pays a referral fee, we require the Solicitor to provide the prospective Client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following:

- the Solicitor's name and relationship with our firm;

- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether it increases the fees that Clients pay to us.

It is CCM's policy that advisory fees paid to us by Solicitor-referred Clients are not increased due to any referral.

It is also Check Capital Management Inc.'s policy not to accept (or allow our related persons to accept) any form of compensation—including cash, sales awards or other prizes—from a non-client in conjunction with the advisory services we provide to our Clients.

Check Capital Management Inc. participates in the Fidelity Wealth Advisor Solutions program. Wealth Advisor Solutions is a referral program designed to introduce high-net-worth investors to independent registered investment advisors. Check Capital does not pay a fee to participate in the Wealth Advisor Solutions Program. CCM participation in the program may raise potential conflicts of interest. We may have an incentive to recommend that clients custody their assets with Fidelity. We examined this potential conflict and determined that a strong working relationship with Fidelity was in the best interests of our clients.

Prior to January 1, 2007, Check Capital Management Inc. received Client referrals from Schwab through its participation in Schwab AdvisorNetwork ("the Service"). The Service was designed to help investors find an independent investment advisor. Check Capital continues to pay Schwab a referral fee on past referrals. The referral fee is 15% of the client's management fees. Clients pay no difference in management fees as a result of being referred to Check Capital by Schwab.

Item 11 Custody

CCM directly debits advisory fees from Client accounts. As part of this billing process, the Client's custodian is advised of the amount of the fee to be deducted from that account. On at least a quarterly basis, the custodian is required to send to the Client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify, among other things, the accuracy of the calculation.

Clients not only receive periodic statements directly from their custodians but also annual account statements directly from Check Capital Management Inc. We urge our Clients to carefully compare the information provided on the CCM and brokerage-firm statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of Client accounts.

Item 12 Investment Discretion

Clients hire Check Capital to provide discretionary asset-management services, which means we trade securities in a Client's account without contacting the Client for permission prior to each trade.

Our discretionary authority includes the ability to do the following without contacting the Client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give CCM discretionary authority when they sign a discretionary agreement with our firm and may limit this

authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 13 Voting Client Securities

Check Capital Management Inc. votes proxies for client accounts; however, Clients always have the right to vote proxies themselves. Clients can exercise this right by instructing us in writing to not vote proxies related to their account.

We vote proxies in accordance with our established policies and procedures. CCM retains a) all proxy voting records for the requisite period of time and b) copies of written Client requests enquiring how we voted proxies.

Clients may obtain a copy of our complete proxy-voting policies and procedures by contacting us. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of Check Capital's complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the Client's account(s). We may assist clients in the filing of "Proofs of Claim" in class-action settlements.

Item 14 Financial Information

Under no circumstances does CCM require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual obligations. Check Capital Management Inc. has no additional financial circumstances to report.

Check Capital Management Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

Part 2B of Form ADV: Brochure Supplement

Steven Glenn Check
Peter Hughes
Jonathan “Jock” Meeks
Christopher Ballard
Vijay Malik
James Waite
Robert P. Hill II

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575 Anton Blvd., Suite 500
Costa Mesa, CA 92626

Telephone: 714-641-3579
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This supplement to the Check Capital Management Inc. brochure provides information about the individuals listed above. Additional information about these individuals is available on the Security and Exchange Commission website at www.adviserinfo.sec.gov.

Steven Check, born 1961. B.S. Electrical Engineering, Iowa State University, 1983. M.S. Engineering, University of California, Irvine, 1986. President and Chief Investment Officer. He founded Check & Associates Capital Management in 1987, which became Check Capital Management Inc. ("CCM") in 1990. Prior to founding Check Capital, he was a digital-signal-processing research engineer at Hughes Aircraft Company.

Peter Hughes, born 1972. B.S. Business & Accounting, University of Kansas, 1994. Prior to joining Check Capital Management Inc. in 1998, he was a derivatives hedging analyst for Utilicorp. Previously, he served as a financial auditor at Arthur Anderson.

Jonathan "Jock" Meeks, born 1956. B.A. Psychology, University of Wyoming, 1981. He joined Check Capital Management Inc. as Client Services Director in 2004. He is also the firm's Chief Compliance Officer. From 1992 to 2004 he was an Investment Consultant, Regional Advisor Network Coordinator and Branch Manager at Charles Schwab & Co.

Christopher Ballard, born 1973. B.A. Environmental Studies, University of California, Santa Barbara, 1995. Before joining CCM in August 2012, he was the Chief Investment Officer of Green Thumb Financial from 2009 to 2012. Prior to that, he was Vice President / Financial Consultant at Charles Schwab & Co. from 2002 to 2009 and a Financial Advisor with Morgan Stanley from 2000 to 2002.

Vijay Malik, born 1982. B.A. Economics, Brown University, 2005. Juris Doctorate, Creighton University, 2012. He joined Check Capital in August 2012. Prior to CCM, he worked at Holliday Fenoglio Fowler, L.P. as an Analyst from 2007 to 2008 and was an Associate at the real-estate firm Silverstein Properties from 2005 to 2006.

James Waite, born 1958. B.A. Business Administration, California State University, Fullerton, 1981. He joined Check

Capital Management Inc. in February 2007. Prior to CCM, he worked at Charles Schwab & Co. from 1997 to 2007, as a Financial Consultant and Operations Manager. From 1992 to 1997, was Investment Services Manager at Griffin Financial.

Robert Hill II, born 1977. B.S. Business Administration, California State University, Long Beach, 2001. He joined Check Capital Management Inc. as the Trading Manager in April 2008. Previously, he was the Business Analyst for a nationally recognized printed-circuit-board distributor, where he researched companies to identify suitable, prospectively profitable business partners.

Each of the employees above: has no reportable disciplinary history; is not engaged in any other investment-related activities; does not receive commissions, bonuses or other compensation on the sale of securities or other investment products; is not engaged in any other business or occupation that provides substantial compensation compared to his Check Capital compensation or earnings on securities investments, or involves a substantial amount of his time. All employees (except Mr. Check) are supervised by the President of Check Capital Management Inc. Mr. Check's investment-related activities are reviewed by CCM's Chief Compliance Officer.

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