

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

October 6, 2012

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.

CCM was approved for continued participation in Fidelity's Wealth Advisor Solutions (WAS) referral program. Additional disclosure related to the program was added to ADV Part 2A.

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.

Table of Contents

Item 1	Advisory Business
Item 2	Fees and Compensation
Item 3	Types of Clients
Item 4	Investment Strategies and Risk of Loss
Item 5	Disciplinary Information
Item 6	Other Financial Industry Affiliations
Item 7	Code of Ethics and Personal Trading
Item 8	Brokerage Practices
Item 9	Review of Accounts
Item 10	Client Referrals and Other Compensation
Item 11	Custody
Item 12	Investment Discretion
Item 13	Voting Client Securities
Item 14	Financial Information
Item 15	Questions

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 was founded and is owned by 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.

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 September 30, 2012, Check Capital was actively managing \$486 million of Clients' assets on a discretionary basis, plus \$88 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 their primary residence and net of any debt secured by Client’s residence taken out in the last 60 days except for purchase of the 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.

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 discretionary 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. Each program is briefly described below.

Quality Growth Program accounts hold 15-25 stocks when fully invested. CCM screens a broad universe of companies, searching for those that exhibit stable long-term earnings growth, industry leadership and an

ongoing competitive advantage. Only stocks seen as bargain-priced are purchased. Taxable accounts benefit from tax-efficient trading in this, Check Capital's flagship program.

Equity-Income Program accounts are invested in Quality Growth Program stocks with covered-call stock options. At-the-money options are used to reduce risk and enhance income. The program is designed for clients seeking increased stability in their investments.

Owner-Operator Program portfolios consist of companies whose top executives own considerable stakes in the businesses and are often founders of the firms. The intense commitment of such individuals often means greater corporate success. Portfolios are flexible, typically holding 20-35 stocks of small-to-large-sized companies.

Balanced Program portfolios are invested in Quality Growth Program stocks usually with deep-in-the-money covered-call stock options. High-quality bonds may also be purchased.

Fixed-Income Program portfolios are invested in high-quality bonds. Taxable or tax-free bonds—as well as appropriate maturities—are chosen to address a client's individual requirements.

Clients can learn more about these programs by discussing them with Check Capital Management Inc. personnel. The performance of CCM programs is verified by a CPA. The CPA's performance verification report is available upon request.

Blue Chip Investor Fund is used to accommodate a Client's smaller accounts (UTMA, IRA, etc.). The mutual fund's assets are maintained at US Bank. The Fund maintains an independent administrator that

makes all required regulatory filings and an independent Board of Directors (no person associated with the Firm sits on the Board). The Firm's only compensation for managing the Fund is the Fund's advisory fee.

CCM Private Fund may be considered by high-net-worth Clients. Risks are much higher with this fund. The terms and conditions for participation in the Fund, including fees, conflicts of interest, and risk factors, are set forth in the Fund's offering documents

flexFolio Program: For non-discretionary accounts, Clients can choose our flexFolio Program.

No Legal, Accounting or Insurance Services: CCM, nor any of its representatives, serves as an attorney, accountant, or insurance agent, and no portion of CCM's services should be construed as same.

Conflict of Interest: To the extent that any client or prospective client has questions regarding the potential for a conflict of interest pertaining to an investment in either the Blue Chip Investor Fund or CCM Private Investment Fund LP, CCM's Chief Compliance Officer, Jock Meeks, is available to address questions.

Client Obligations: In performing its services, CCM shall not be required to verify any information received from the client or from the Client's other professionals, and is expressly authorized to rely thereon. Moreover, each Client is advised that it remains his/her/its responsibility to promptly notify CCM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/ revising CCM's previous recommendations and/or services.

Investment Risk: Check Capital Management Inc. employs a fundamentals-based investment

methodology. We attempt to buy high-quality securities when their prices are deemed to be 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. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by CCM) will be profitable or equal any specific performance level(s).

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 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. 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 (the "WAS Program"), through which CCM receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. CCM is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control CCM, and SAI has no responsibility or oversight for CCM's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for CCM, and CCM pays referral fees to SAI for each referral received based on CCM's assets under management attributable to each client referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from SAI to CCM does not constitute a recommendation or endorsement by SAI of CCM's particular investment management services or strategies.

More specifically, CCM pays the following amounts to SAI for referrals: For a period of 7 years from the date that a Client funds any Client Account(s) with CCM, CCM shall pay SAI an amount equal to an annual percentage of 0.20% of any and all assets in such Client Accounts, with such amount to be billed and collected in arrears on a quarterly basis based on the average daily balance of assets held in such Accounts during the relevant quarter. These referral fees are paid by CCM and not the client.

To receive referrals from the WAS Program, CCM must meet certain minimum participation criteria, but Advisor may have been selected for participation in the WAS Program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage

Services, LLC ("FBS"). As a result of its participation in the WAS Program, CCM may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and CCM may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to CCM as part of the WAS Program.

Under an agreement with SAI, CCM has agreed that it will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, CCM has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when CCM's fiduciary duties would so require; therefore, CCM may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit CCM's duty to select brokers on the basis of best execution. CCM examined potential conflicts 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 Charles Schwab through participation in Schwab's AdvisorNetwork ("the Service"). The Service was similar to Fidelity's WAS Program. Check Capital continues to pay Schwab a referral fee on past referrals. The referral fee is 15% of the client's management fees.

Item 11 Custody

Check Capital Management does not have physical custody of Client accounts.

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.

Solely as the result of its serving as the General Partner of CCM Private Investment Fund LP, CCM indicates that it has custody at the Custody section of Part 1 of Form ADV. All Fund investors receive an audited financial statement on an annual basis.

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.

Item 15 Questions

CCM's Chief Compliance Officer, Jock Meeks, is available to address any questions regarding this Brochure.