



LEHRER
MANAGEMENT CO., INC.

**Firm Brochure
(Parts 2A & 2B of Form ADV)**

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This brochure provides information about our qualifications and business practices.

If you have any questions about the contents of this brochure, please contact us by telephone or email. 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. Registration does not imply a certain level of skill or training.

Additional information is also available on the internet at www.adviserinfo.sec.gov

Our searchable IARD/CRD number is 107995

**DATE
February 14, 2012**

Item 2: Summary of Material Changes

There have been no material changes since this brochure was updated on August 5, 2011.

In the future this Summary of Material Changes will discuss only the material changes since the last annual update of this Brochure.

Whenever you would like to receive a complete copy of our brochure, please contact us by telephone or by email.

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Item 4: Advisory Business

We provide financial planning and investment advisory services to individual clients, as well as trusts, qualified retirement plan sponsors, and business entities. We are a fee-only firm.

Advice is provided through consultation with you and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

The basic service provided by us is the investment management of money on a continuing basis. Personal financial planning, advice and guidance may also be given. The securities markets are the principal areas of investment although advice may also be given covering other areas. Each client determines the types of services desired by selecting from one of two types of accounts. One type is the Simple Managed Account in which the management of the account is based on very limited knowledge, usually confined to the goals of the client for the funds placed under management. The Supervisory Managed Account is discussed in the next section.

Management of the Investment Supervisory Account may involve some financial planning and is based on a detailed knowledge of the financial status, needs and goals of each client, normally on an informal basis. The knowledge may include income, expenses, assets, debts, other investments, insurance, personal and family obligations to the extent each client is willing to disclose them. Budgets for expenditures as well as the establishment of a reserve fund may be suggested. The investment funds and securities of each client are normally held in the client's security account over which certain personnel of Lehrer Management Company, Inc. have limited trading authorization (limited power of attorney). The minimum amount of funds accepted for management from a client is normally \$500,000 for one account, although lesser amounts may be considered, depending upon the situation. The fees for the Investment Supervisory Account are determined by the amount of assets under management as well as by the nature of any financial planning and consulting services selected.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by you on an as-needed basis. Conflicts of interest will be disclosed to you in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to you.

Our Firm's History

Lehrer Management Co. was founded by Norman H. and Lenore R. Lehrer in 1979.

Our Principal Owners

The Lehrer Family Trust is the 100% stockholder.

Types of Advisory Services

Asset Management

We have been providing personalized investment and wealth management services including financial analysis, planning and portfolio management since 1979. Each client is offered the highest level of service through a team of experienced portfolio managers and support personnel.

We create unique, diversified portfolios tailored to your individual investment and financial needs. Through a detailed financial analysis, your goals are examined, and a general investment strategy is determined. Once this strategy is in place, your portfolio manager will begin construction of your investment portfolio.

In order to meet the various needs of our clients, we provide two types of investment managed accounts.

Investment Supervisory Account

The Investment Managed Account, which may be integrated with financial and wealth management planning, is based on detailed knowledge of your financial status. Our planning includes net worth review, cash flow analysis, income tax overview, retirement planning, insurance review, and ensuring proper estate documents are in place. We work with numerous independent professionals (attorneys & CPA's) to whom we can direct our clients, depending on their specific needs.

Once your financial goals have been defined, an investment strategy is determined and we begin creating your investment portfolio. The strategy and portfolio are tailored to your individual situation, and consideration is given to factors such as your risk level, marginal tax bracket, marital status, age, budget, and retirement objectives.

Our Fees

The basic annual portfolio management fee for the Investment Supervisory Account and Managed Account is 1% of the value of the assets up to \$500,000, 0.5% of the value of the assets between \$500,000 - \$10,000,000, 0.4% of the value of the assets between \$10,000,000 - \$20,000,000, and 0.3% of the value of the assets between \$20,000,000 - \$30,000,000. The value of the assets is chosen at a particular point in time; the fees are prorated for assets added after that point. The minimum annual fee for one account (or name) is \$5,000, which includes a yearly non-refundable data-processing charge of \$300. The minimum charge for each additional but related account held in a different name is \$300, which includes the non-refundable data-processing charge of \$300. The overall fee may be negotiated or adjusted, depending upon individual circumstances, but in no case will it be based on sharing in capital gains or capital appreciation. A limited amount of financial planning is frequently provided at no additional charge. Where extensive financial planning is required, then the fees are as mutually agreed. There is normally no charge for additional consultations pertaining to the management of the funds.

Investment supervisory portfolio management fees are normally due and payable annually as follows for each account or name:

Fees are due at the start of four approximately equal installment periods, with the amount of the first installment equal to a \$300 data-processing fee per account plus the balance divided by the number of installment periods. Fees and/or times of payment may be negotiable depending upon individual circumstances, but in no case will compensation be based on sharing in capital gains or capital appreciation. We do not charge performance-based fees.

The Financial Management Agreement may be canceled at any time, for any reason, by either party giving written notice to the other. It can be cancelled without penalty within five business days after both parties have signed. After that, fees paid in advance will be refunded on a prorated basis except for the non-refundable portion in event of cancellation by either party. For example, in the case of a \$500,000 account for which the annual fee is \$5,000, the first payment made at the start of the period would be about \$1,500. If the account were terminated after one month, the refund would be about \$789.

Managed Account

The Managed Account is based on your investment objective and not on a detailed knowledge of your financial position.

Generally, the investment objectives fall into one of the following categories:

- Maximum Growth
- Growth
- Growth with Income
- Income

Some clients prefer to have certain assets managed within the guidelines of their stated goals without disclosure of their detailed financial situation. These clients are provided with the Managed Account. They have separate security accounts over which we have limited trading authorization. We do not obtain possession of the securities or funds of any client. Such funds and securities are held by the stock brokerage house (the custodian). The only funds which we can remove from the account is the management fee, except for those funds which are either sent to the client or used to purchase securities elsewhere. Although you can select the broker, it is usually preferable to utilize one of several brokers we have a current relationship. Personnel of ours have discretionary authority over the account as to which, when, and how many securities are to be bought and sold. This authority can be limited or modified by the client, depending upon the particular situation and needs of the client.

Financial Planning

A comprehensive financial plan gives you an in-depth view of your current and future financial needs and acts as a road map to achieving your financial goals. We begin by taking a

look at your current financial situation. This allows you to see where you are today so that you can plan and begin your financial journey to where you would like to be.

Planning services that we offer are:

Financial Independence Planning

Looking at your entire financial picture, from personal income and expenses to family trusts, LMC determines your overall financial situation. . We then work with you to create an investment strategy and financial plan, helping you realize your goal of financial independence.

Retirement Planning

Retirement planning allows you to determine your growth and income needs up to and after retirement. A comprehensive plan is created and periodically updated that clearly defines your goals and needs for a comfortable retirement.

Education Funding

We work with you to determine an appropriate investment strategy for funding college tuition and general expenses. We take into account various factors such as number of children, age of children, and educational hopes, in order to create a plan tailored to your family.

Stock Option Analysis & Planning

We offer stock option analysis and planning to assist you in maximizing profits and reducing income tax liabilities. Various factors should be taken into consideration when dealing with stock options, such as cost-basis and tax liabilities. We will create a customized approach for the exercising of options under various circumstances, such as founder shares, employee stock plans, and merger-related stock.

Wealth Planning

Our wealth management strategy involves bringing together the various planning components of your financial picture. These pieces may include estate, tax, and insurance planning. If you are already working with a professional, such as an estate attorney or CPA, we can bring your outside advisors together, integrating them with our investment strategy, to ensure that a complete and appropriate wealth management plan is in place.

If you do not yet have a wealth plan in place, we have compiled an extensive network of professionals that can assist you. We will work with these advisors to integrate your investment strategy, developing a total wealth management solution.

Wealth Management Services offered by us are:

Estate Planning

Estate planning is an essential part of any wealth management plan. An estate plan allows you to decide how your assets are distributed, both during your lifetime and at your death. We will assist in structuring your estate plan to maximize wealth passed on to heirs and charities, while minimizing taxes and other expenses. By having the appropriate documents in place, you are typically able to avoid the fees and delays associated with probate.

Tax Planning

Tax planning is an integral part of your wealth management strategy. Tax planning usually involves strategies to minimize your income tax liability. We will look at your current tax situation, investment strategy, and current assets to create the most tax efficient strategy possible.

Risk Management & Insurance

Events can occur at any time that could limit your ability to produce income, or even worse, deplete your assets entirely. The most common types of occurrences include medical problems, litigation, fire/theft, and estate disputes. We will assist you in determining your risks and finding ways to prepare for them through the appropriate forms of insurance.

Philanthropic Planning

Many clients view wealth as an opportunity to give back to the community and improve the world around them. We can assist you in determining the best way to contribute to the organizations of your choosing. This can often lead to the creation of a foundation or other legal entity, which helps to ensure that your money is directed according to your wishes.

Consultations

We do not normally provide consultations to persons who are not our clients. If such a situation did occur, then the fee and time of payment would be negotiated.

Negotiated Fees

The overall fee may be negotiated or adjusted, depending upon individual circumstances, but in no case will it be based on sharing in capital gains or capital appreciation.

Management of Conflicts of Interest between Clients

Our relationship with you is non-exclusive; in other words, we provide investment advisory services and financial planning services to multiple clients. We seek to avoid situations in which one client's interest may conflict with the interest of another of our clients. More information about this policy is found in your Client Agreement.

Return of Unearned Fees upon Termination

The Financial Management Agreement may be canceled at any time, for any reason, by either party giving written notice to the other. It can be canceled without penalty within five business days after both parties have signed. After that, fees paid in advance will be refunded on a prorated basis except for the non-refundable portion in event of cancellation by either party. For example, in the case of a \$500,000 account for which the annual fee is \$5,000, the first payment made at the start of the period would be \$1,500. If the account were terminated after one month, the refund would be \$789.

Other Fees or Expenses Paid in Connection with Our Services

You will incur transaction fees or commissions in connection with trading of stocks, bonds, ETF, and mutual funds (and/or principal mark-ups and mark-downs for principal trades), which are charged by the custodian (brokerage firm holding safekeeping of your assets for safekeeping. Stock and bond transaction fees charged by our recommended custodians, Charles Schwab & Co. Institutional, TD Ameritrade Institutional, and Fidelity Institutional generally vary from \$8 to \$25 for each purchase and sale transaction. The transaction costs for stock and bond trades vary. For a discussion of our practice in recommending brokers (custodians) to you and negotiating brokerage fees on your behalf, please see Item 12.

You may also incur "account termination fees" upon the transfer of an account from one brokerage firm (custodian) to another. The range for these account termination fees is believed to range generally from \$0 to \$50 at present, but at times may be higher. You should contact your custodians (brokerage firms, bank or trust company, etc.) to determine the amount of account termination fees which may be charged and deducted from your accounts for any existing accounts which may be transferred.

Comparable Services

We believe that the charges and fees offered are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources.

Management of Conflicts of Interest Relating to the Fees We Receive, and Receipt of Percentage-Based Compensation

Our clients pay us fees based upon a percentage of the assets we advise upon. This is a very common form of compensation for registered investment advisory firms and avoids the multiple inherent conflicts of interest associated with commission-based compensation (we do not accept commission-based compensation of any nature, nor do we accept 12b-1 fees). For example, conflicts of interest may arise relating to the following financial decisions in life: incur or pay down debt; gift funds to charities or to individuals; purchases of a (larger) home or cars or other non-investment assets; the purchase of a lifetime immediate annuity; personal expenditures; investment in private equity investments, and the amount of funds to place in non-managed cash reserve accounts. We have adopted internal policies to properly manage

these and other potential conflicts of interest. Our goal is that our advice to you remains at all times in your best interests, disregarding any impact of the decision upon our firm.

Each time such a potential conflict may arise, we will give you notice of the conflict in that given situation if our advice regarding the proposed transaction would impact our compensation.

Assets Under Management

As of December 31, 2011, we manage approximately \$160,000,000 in assets for clients. Approximately \$140,000,000 is managed on a discretionary basis, and \$20,000,000 is managed on a non-discretionary basis.

Our Services are Tailored to Meet Your Needs and Investment Restrictions

Our advisory services are tailored to meet your needs. Each investment portfolio is individually designed. Additionally, financial planning, estate planning, tax planning, and risk management conversations occur when you engage us as your advisor. As appropriate you will have a conference with your portfolio manager to review any changes to your financial situation, your investment portfolio, and planning issues.

After consultation with us, you may impose restrictions on investing in certain securities or types of securities. This most often occurs when a client does not wish to have investments in a specific stock sector. Other restrictions may be imposed by you with respect to the (average or longest) maturity or credit quality of fixed income investments.

Our Agreement with you may not be assigned without your consent.

Item 5: Fees and Compensation

Please refer to the discussion about our fees under Item 4.

Cancellation and Termination of Agreements

Upon termination of any account, any prepaid, unearned fees will be promptly refunded, with the refund calculations based pro rata to the date of termination. Termination of an agreement will not affect: (a) the validity of any action previously taken by us under the agreement; liabilities or obligations of the parties from transactions initiated before termination of the agreement; or your obligation to pay advisor fees (prorated through the date of termination). Upon the termination of the agreement, we will have no obligation to recommend or take any action with regard to the securities, cash, or other investments in your account.

Item 6: Performance Based Fees and Side-by-Side Management

Our fees are not based on a share of the capital gains or capital appreciation of managed securities.

We do not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to you.

Item 7: Types of Clients

We provide investment advice primarily to individuals and their families, including high net worth individuals, and trusts.

We also may provide investment advice to pension and profit sharing plans and plan participants as well as foundations and other institutions, and to business entities.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Economic, financial, and fundamental information is used as a source to provide a general background for anticipating and analyzing the performance of the security markets.

The technological, economic, and financial news are monitored closely. Such information helps to provide a basis for evaluating the performance of the security markets. For a given security, the specific factors include sales, earnings, and dividends. These specific factors are considered against a background of more general factors, which include changes in technology and economic conditions.

The primary method of security analysis used is based on a fundamental approach. Stocks with low price/earnings ratios and higher yields are normally emphasized. Those with high price/earnings ratios and low or no dividends are avoided or kept to a low percentage of the portfolio.

Investment Strategies

The principal investment strategy employed is the crafting of a diversified portfolio where the risk is tailored to the appropriate level as determined by the overall financial situation of the client. Diversification is by both security selection and timing of the investments. Investments are normally confined to stocks and bonds, including U.S. Treasuries, Agencies, Corporate and Municipal. Limited partnerships and derivatives are normally avoided. Funds in the account may be held in the money market fund until appropriate investments are found. Most of the stocks selected are low price/earnings ratio, dividend paying stocks held for the long term. A portion of the portfolio may be invested in more growth-oriented securities

paying little or no dividends. Tax-free municipal bonds may be purchased for clients in high income tax brackets. The risk is minimized for new accounts and accounts with limited profits or losses. The degree of risk with the possibility of greater returns is frequently increased as the profits accrue for a particular client.

A major technique utilized by us when constructing portfolios is Dynamic Risk Management. Dynamic Risk Management is a system utilized by us to determine the appropriate level of risk for a client's portfolio.

Dynamic Risk Management is based upon your risk profile. Various factors are used when determining your risk profile, such as account type, age of client, and employment status. Each factor is analyzed, weighted, and given a numerical value. When all factors are considered, this numerical value represents a guideline to determine what types of investments and allocation strategies are appropriate for that client's portfolio.

Another factor used when determining your risk profile is the amount of profit accumulated in the account. Initially, the risk profile of an account is kept lower; however, as profits in the account accumulate, the risk is gradually increased where appropriate. In essence, as profits increase in the account, so does the level of risk that you are able to take. One is able to reallocate profits into investments with greater growth potential while continuing an appropriate strategy for the principal investment.

Mutual Funds are generally not recommended or normally purchased for clients. If clients come with mutual funds in their portfolios, the funds will normally be liquidated over a period of time. In instances where mutual funds are retained in the account, clients are essentially paying two advisory fees; one to Lehrer Management Company and the other to the adviser of the mutual funds.

Your funds are not invested in any security, such as a hedge fund or mutual fund, with which we are affiliated. We have no affiliations with any hedge or mutual funds.

Purchases are normally made for cash. Margin purchases, short-term trading, short-sales, option writing and commodities are normally avoided.

Types of Investments

When constructing portfolios, we utilize individual stocks, corporate bonds, municipal bonds, agencies, and treasuries to tailor each portfolio to your situation. We structure the portfolios through diversification and time phasing of investments. We also take into account your risk level and current security holdings.

Equity Selection

We are value-oriented investors with a contrarian approach. We generally look for out of favor stocks that we believe to be undervalued in comparison to the general market.

When evaluating stocks, we take into consideration historic, present, and near future measures. These include sales, earnings per share, dividends, as well as the company's

outlook. We typically target companies with low relative P/E, P/S, and P/B ratios that have shown an ability to produce positive free cash flow and earnings. Sectors often considered for investments include: Financials, Insurance, Medical, Pharmaceuticals, Utilities, and Technology.

When a potential equity is identified, an assessment is made as to whether the current price of the security accurately reflects its outlook. If the security appears underpriced relative to its potential future value, an estimate is made as to the risk involved in purchasing the security. We are opportunistic and look to purchase when our research identifies a position with an appealing risk/return profile. The stocks that we purchase are generally for the long-term, although stocks will be held for a shorter time if fundamentals change dramatically.

Fixed Income Selection

Having a portion of one's assets allocated to fixed income is important for many clients. Doing so serves a number of different purposes from reducing the volatility of an account, to providing the income necessary to support one's lifestyle in retirement. Account volatility is reduced because bonds tend to experience less price movement in comparison to stocks. Reducing volatility is of particular interest for people who are in retirement and cannot replace the assets they have accumulated, as well as those for whom safety of principal is a primary concern. Through years of experience, our strategies for fixed income investment have proven particularly successful.

Fixed income is composed of municipal bonds, treasuries, corporate bonds, and agencies. These can be broken down into two classes: taxable and tax-free securities. One important factor to consider when making the decision to invest in taxable versus tax-free investments is the taxable equivalent yield to the investor.

Taxable Securities

Taxable fixed income investments utilized by us include treasuries, agencies of the U.S. government, corporate bonds, and taxable municipal bonds. The allocation between the four available choices is determined by the client's risk profile and current offerings available in the market. When purchasing corporate bonds, we look for investment grade (BBB) or higher quality investments. By utilizing treasuries, returns in excess of money market funds can be achieved. Treasuries are one of the most liquid and safe investments that can easily be converted to cash if necessary.

Tax-Free Securities

Municipal bonds play an important role in the generation of tax-free income in otherwise taxable accounts. Income from bonds issued within your state of residence are generally free of both state and federal income taxes. If the recipient of the income does not live in the state of issue, the interest may be subject to state income taxes only.

Security Selection

Our investment decisions are made through an Investment Committee process and all security selection is based upon our own research. By utilizing various analysis techniques, we determine which securities to purchase and sell for each client.

We will work with you to determine the appropriate allocation between equities, fixed income securities, cash equivalents and other securities. Equities generally serve to provide growth opportunities within the accounts, while fixed income securities can be used for capital preservation and income generation. For clients in retirement, or for clients with considerable assets, it is very important to take advantage of the benefits that fixed income securities offer.

Investment Committee

All investment decisions are generally made through an investment committee. The investment committee is comprised of the portfolio managers and the principal of the firm, Norman Lehrer. If Norman Lehrer is unavailable the two portfolio managers become the investment committee. The committee determines which securities to purchase and which to sell. It is then up to the portfolio manager to determine if the security is appropriate for a particular client's portfolio. This decision is based upon individual portfolio strategy and risk assessment. The portfolio manager also determines when a position should be sold for a client.

Risk of Loss, Generally

Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of

profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Please also note that while all Certificates of Deposit (CDs) purchased for you are FDIC-insured, the pricing of certain of these CDs, which trade in the secondary market, can vary; accordingly, due to price declines and/or transaction costs associated with trading, these CDs could lose value if redeemed prior to maturity. When CDs are recommended to you, it is our intent that you hold the CDs to maturity.

Cash Balances in Client Accounts

Cash in your investment accounts are typically swept into the bank or money market mutual fund accounts of the institutions (TD Ameritrade; Charles Schwab, or Fidelity). We discuss with you, during the time of review conferences and at other times, upcoming cash flow needs and seek to plan accordingly to meet those needs. While it is not the practice to encourage you to maintain a large amount of cash in your accounts, such may be undertaken at your request, to facilitate our billing of periodic fees, or for other reasons. Upon your request, cash balances will be maintained for temporary or short-term purposes.

Should you desire a "cash reserve account," we will assist you to establish a separate, non-managed cash reserve account, which is not monitored thereafter by us, typically either with Vanguard (using one of its money market funds) or with an online bank (offering FDIC-insured money market funds, up to certain limits). We then seek to review with you, during periodic conferences, whether any funds are needed to restore cash reserves. We exclude separate accounts established for cash reserve purposes from our fee calculations.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events of their firm or certain management personnel which would be material to your evaluation of us or our integrity in management of your investment portfolio.

We have had no legal or disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities

We are not involved in any other financial industry activities.

Affiliations

We have no arrangements that are material to our advisory business or you with any other entity.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We seek to avoid material conflicts of interest. Accordingly, neither we nor its investment adviser representatives nor its team members receive any third party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from brokerage firms (custodians) or mutual fund companies.

Although we believe that our business methodologies, ethics rules, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to manage appropriately any material conflicts of interest that may remain, you should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest. Please refer to the additional discussion under Item 12 Brokerage Practices.

Our Code of Ethics

We have adopted a Code of Ethics, to which all investment advisor representatives and employees are bound to adhere. The key component of our Code of Ethics states:

We and its investment advisor representatives and employees shall always:

- Act in the best interests of each and every client;
- Act with integrity and dignity when dealing with clients, prospects, team members, and others;
- Strive to maintain and continually enhance our high degree of professional education regarding Modern Portfolio Theory, strategic asset allocation, and financial, tax, estate, and risk management planning; and
- Seek at all times to preserve our firm's independence and to maintain our complete objectivity with respect to our advisory services and each recommendation made to our clients.

We further adopted a detailed Code of Ethics expressing our commitment to ethical conduct, which is adopted by reference by us, and which is utilized to guide the personal conduct of our various team members. This detailed Code of Ethics describes our fiduciary duties and responsibilities to you and sets forth our practice of supervising the personal securities transactions of employees with prior or concurrent access to client trade information.

A copy of the Code of Ethics is available to you and prospects upon request.

Participation or Interest in Client Transactions and Personal Trading

Our Code of Ethics provides that individuals associated with our firm may buy or sell securities for their personal accounts identical or different than those recommended to you. However, it is the expressed policy of our firm that no person employed by the firm shall prefer his or her own interest to yours nor make personal investment decisions based on your investment decisions.

To supervise compliance with the Code of Ethics, we require that anyone associated with this advisory practice and who possesses access to advisory recommendations (before or at the time they are entered into) ("access persons") to provide annual securities holding reports and quarterly transaction reports to our Chief Compliance Officer or his or her designee. We also require access persons to receive advance approval from our Chief Compliance Officer or his designee prior to investing in any initial public offerings or private placements, and with regard to trading of certain individual securities.

The Code of Ethics further includes our policy prohibiting the use of material non-public information and protecting the confidentiality of client information. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

As a general guideline, when appropriate, LMC personnel seek to invest, not trade, in the same securities as their clients and vice versa. At times, this is impractical because a security bought by a portfolio manager may not be suitable for any or all of our investors. The key criterion in such transactions is the suitability of the investment for the individual investor.

We may participate in limited investment opportunities with clients. In every case, priority is given to the appropriate clients before employees can participate. It is the policy of the adviser to allow employees to participate in block transactions with clients, so long as priority is given to clients in the purchase or sale of securities. Employee transactions will be on the same or at less favorable terms than those received by clients.

When trades are made, the quantity of securities involved is generally too small to produce a significant effect on a security's market price. In any case, LMC personnel will not engage in short-term buying and selling of securities in their own accounts in order to profit from transactions implemented for their clients at their clients' expense.

Item 12: Brokerage Practices

Use of Brokerage Firms (Custodians), Generally

We use brokerage companies, which normally charge reduced fees or give special reductions to clients of ours. Charles Schwab & Co., Inc, Fidelity Investments, and TD Ameritrade are the brokerage companies currently employed.

In selecting a brokerage firm, we consider these factors:

- The financial condition of the brokerage firm
- Whether reduced commissions are available to our clients
- Whether the overall service provided by the brokerage firm is satisfactory
- Whether the general policies of the brokerage firm are consistent with those of ours

We are not constrained to purchase securities only from the brokerage company where the client's account is located (the custodian). At all times, we are free to seek the best security selection and execution from any brokerage company on your behalf. Securities purchased from other brokerage companies will be delivered into your account. When securities are purchased from the selling firm and delivered into the account with the custodian broker, then two commissions may be involved. Usually the total commission is less than one percent.

In the case of municipal bonds, the custodian brokerage house may charge a service charge or commission usually ranging from 0.25% to 0.75% of the value of the transaction, which could be avoided if the bonds are purchased individually from another broker. The overall costs and inconvenience of maintaining multiple accounts and arranging for the delivery of securities would exceed the cost of the service charge or commission charged by the first broker. Such transactions are undertaken only when the custodian broker is unable to offer comparable securities at a lesser overall cost.

The nature of the research supplied by the brokerage firm may range from merely providing copies of advisory service reports on various stocks to furnishing the brokerage firm's own reports on companies. Research provided by one broker where some client accounts are located may be used to service accounts at other brokers; such services are not always used to manage the accounts at the broker providing the research. Discount brokers and full-line brokers who offer a discount to our clients are usually recommended. Because the level of service is taken into account, the brokerage firm recommended is not always the one with the lowest commission.

We participate in Charles Schwab, Fidelity, and TD Ameritrade's institutional customer programs and we may recommend Charles Schwab, Fidelity, and TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the programs and the investment advice we give to our clients, although we receive economic benefit through its participation in the programs. These benefits include: receipt of duplicate client confirmations; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and allocate the appropriate shares to client accounts); ability to have advisory fees deducted directly from client accounts; and access to the Charles Schwab, Fidelity, and TD Ameritrade websites for client order entry and account information. These benefits received by us do not depend on the amount of brokerage transactions directed to Charles Schwab, Fidelity, and TD Ameritrade.

As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us in and of itself creates a potential conflict of interest.

We may receive client referrals from TD Ameritrade, Inc. ("TD Ameritrade") through our participation in the TD Ameritrade AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect Program, we may have been selected to participate in AdvisorDirect based on the amount of profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained at TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with us and there is no employee or agency relationship between them. TD Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise us and has no responsibility for our management of clients' portfolios or other advice or services. We pay TD Ameritrade an on-going fee for each client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to us ("Solicitation Fee"). We will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by us from any referred client's family members, including a spouse, child, or any other immediate family member who resides with the referred client and hired us on the recommendation of such referred client. We will not charge clients referred through AdvisorDirect any fees or costs higher than our standard fee schedule offered to our clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Our participation in AdvisorDirect may raise potential conflicts of interest. Although not required, we may recommend TD Ameritrade to clients for custody and brokerage services. We may also cause client trades to be executed through TD Ameritrade rather than another broker-dealer. As part of our fiduciary duty to clients, we endeavor at all times to put the interests of our clients first. We acknowledge our duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at TD Ameritrade may be executed through a different broker-dealer than trades for our other clients. Thus, trades for accounts custodied at TD Ameritrade may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers. Eligibility for and continued participation in the AdvisorDirect program may be dependent upon our meeting a minimum dollar amount of client assets custodied at TD Ameritrade. Thus, we may have an incentive to recommend that client accounts be held in custody at TD Ameritrade. In addition, we have agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Our participation in AdvisorDirect does not diminish our duty to seek best execution of trades for client accounts.

Our referral agreement is in compliance with federal regulations as set out in 17 CFR section 275.206(4)-3, and the solicitation/referral fee is paid pursuant to a written agreement retained by both us and the solicitor and provided to you prior to or at the time of entering into any investment advisory contract.

Discussion of Benefits to Adviser, to us as to Custodians

The benefits provided by Charles Schwab & Co., Inc, Fidelity Investments, and TD Ameritrade include assistance with practice management and assistance with the management of client accounts, including but not limited to: (a) receipt of duplicate client confirmations; (b) receipt of electronic duplicate statements; (c) access to a trading desk serving investment adviser firm participants exclusively, and providing research, pricing information, and other market data; (d) access to the investment advisor portion of their web sites which includes practice management articles, compliance updates, and other financial planning related information and research materials (including, for example, rating reports on individual companies from Standard and Poor's or other sources); (e) access to other vendors (such as insurance or compliance providers, or providers of research or other materials) on a discounted fee basis through discounts arranged by the custodians; (f) permitting us to access an electronic communication network for client order entry and to access clients' account information and which may otherwise assist us with its back-office functions, including recordkeeping and client reporting; and (g) conferences at which advisors and employees of our firms may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology.

Our Recommendations of Brokerage Firms

You are permitted to direct us to utilize your desired brokers. However, if such brokers are utilized, we may not possess access to certain mutual funds and other investments that are generally available only to institutional investors or which would require a significantly higher minimum initial investment, and commission rates paid or transaction fees paid may be higher than the fees negotiated by us.

While as a fiduciary, we endeavor to act in your best interests, our desire that you maintain much of your assets in accounts at Charles Schwab & Co., Inc, Fidelity Investments, and TD Ameritrade may be based in part on the benefit to our firms of the availability of some products and services (previously described) at no cost to us, or at reduced costs, and not solely on the nature, cost, or quality of custody and brokerage services provided by the brokers, and this may create a potential conflict of interest. You may, therefore, pay higher transaction fees, commissions (for individual stock and ETF trades), and principal mark-ups and mark-downs (relating to purchases and sales on a principal, as opposed to an agency, basis), than those charged by other discount brokers. However, we have negotiated fees with the custodians we recommend, and we have selected this custodian for their generally low fees relative to another large custodian. Also, please note that we prefer to recommend custodians whom possess significant size and financial resources, for purposes of enhanced safety of your funds. For all of these reasons, the lowest cost custodian for you may not be recommended to you by us.

Best Execution

We review the execution of trades at each custodian annually. Trading fees charged by the custodians are also reviewed on an annual basis. We do not receive any portion of the trading fees.

Soft Dollars

The term "Soft Dollars" may be generally defined as credits provided by a brokerage house for the benefit of an investment adviser to a third party in return for trades placed with the brokerage house by the investment adviser. Such soft dollars can be used to pay for research for the investment adviser. Two types of soft dollars have evolved in the brokerage business: explicit and implicit. Explicit soft dollars may be defined as soft dollars arising from the investment adviser not negotiating the lowest commission with the brokerage house and the difference between the lowest commission and that which the client pays constituting soft dollars. Implicit soft dollars arise when the investment adviser apparently negotiates the lowest commission, but the brokerage still is willing to pay for such research services provided by a third party.

Our policy is to not accept any explicit soft dollar payments in return for trades placed with any brokerage house.

We do receive certain free services from the brokers where the accounts are housed and other brokers where trades are placed. These free services may be classified as implicit soft dollars. Primarily, these include free copies of the confirmations and monthly statements of our clients' accounts, as well as computer services to enable the downloading of transactions and research reports. We, through our participation in the TD Ameritrade Institutional program, may receive discounts on compliance, marketing, technology, and practice management products or services provided by third party vendors.

Order Aggregation

Block trades may or may not be used in purchasing securities for clients. It is true that some cost saving in commissions could probably be achieved through the use of block trades, but since the turnover in the accounts is usually very low there would not be a large savings in absolute dollars. We prefer to review the accounts one at a time and place the order for a particular security as soon as possible after the decision is made rather than wait for the review of many accounts, which could delay placing the order.

Discrete orders are generally placed for each account. Under some circumstances it may be advantageous to the client to aggregate the individual orders into one single order. Each individual account will participate in an aggregated order at the average share price with all transactions shared on a pro-rated basis subject to a minimum charge per account.

The portfolio manager may aggregate trades for employee accounts with those of clients, however, such employee transactions will occur only after client orders are completed or at the same time but not on terms that are more favorable than those received by clients.

Item 13: Review of Accounts

Presently, there are three portfolio reviewers: Norman H. Lehrer, President; Tony L. Alarcon, Vice President and Chief Executive Officer; John Brian Kosecoff, Senior Portfolio Manager and Vice Chairperson of the Investment Committee. Depending upon the portfolio, changes may be approved by the portfolio managers, Investment Committee or by Norman H. Lehrer.

Additional Portfolio Reviews are undertaken upon your request, such as when special cash needs arise or when additional cash or securities are added to the investment portfolio. We will respond to such requests within a reasonable period of time.

We may also undertake sales and purchases during this time to effect tax loss harvesting, in addition to rebalancing actions.

Regular Reports

Semi-Annual Report: Indicates overall account status as of June 30th of the current year.

Annual Report: Summarizes the performance in the account for the calendar year.

We may also offer periodic data for other investment accounts upon which we provide advice, not held at the foregoing custodians, if such information can be obtained from our account aggregation services, and provided your consent is obtained to furnish such account aggregation service with any account passwords required to access account information.

While we are hopeful that the information supplied by custodians and data aggregation services is reliable, we cannot guarantee its accuracy.

Clients may also directly access account information at the custodians with which the accounts are held online (specifically, TD Ameritrade Institutional, Charles Schwab & Co., and Fidelity Institutional), each and every business day, via the secure web sites of these institutions.

Monthly or quarterly statements directly from account custodians are sent to you directly from the corresponding brokers, banks, mutual funds, partnership sponsors, and/or insurance companies which hold your investments. These statements reflect the assets in the custodian's custody, together with confirmations of each transaction executed in the account(s) if desired by you. For some custodians, you may elect to receive these statements by e-mail rather than U.S. mail.

You are strongly encouraged to review the monthly or quarterly statements you receive from custodians. Despite the best efforts of any firm to safeguard client's assets, fraud could still occur. While we hope that you trust our firm and advisors, and we have never had an instance of theft of client funds, we believe it is nevertheless important for you to verify your investment holdings.

Item 14: Payment for Client Referrals

Referral Fees Paid

We presently participate in the TD Ameritrade Institutional AdvisorDirect program. We currently compensate TD Ameritrade Institutional for the referral of their clients. Compensation to TD Ameritrade Institutional is outlined below. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through its participation in the program. In such cases, we may make presentations to their personnel or to their clients or potential clients. On these occasions, we may pay for refreshments for the office staff.

Our participation in these referral programs is not conditioned upon our recommending that security transactions for you be executed through the referring broker. We participate in referral programs with broker-dealers whose level of service, research, and fees qualify for best execution. In addition, for specific transactions where "best execution" cannot be achieved with participating broker-dealers, other broker-dealers will be utilized. We acknowledge our duty of best execution for our clients and will inform each client referred that neither they nor we are under obligation to trade through the referring broker-dealer. Clients referred from broker-dealers will be treated on the same basis as clients obtained from other sources.

Referrals Out

We do not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

We do not receive any commissions for recommendations we make to others.

Referral Fees Received

We do not receive any referral fees for any recommendations we make to others.

Item 15: Custody

We do not obtain possession of the securities or funds of any client. Such funds and securities are usually retained by the stockbroker. The only funds which we can remove from the account are the management fees. Although you can select the broker, it is usually preferable to utilize one of several brokers we have a current relationship. Personnel of ours have discretionary authority over the account as to which and how many securities are to be bought and sold. This authority can be modified or limited depending upon the requirements of each client. Each prospective client is interviewed to determine the exact nature of the financial

management desired. Those wishing to limit the information disclosed are provided the Managed Account.

However, with your consent, we may be provided with the authority to seek deduction of our fees from your accounts; this process generally is more efficient for both you and us, and there may be tax benefits for you to use this method when fees can be paid from certain tax-deferred accounts of clients.

Item 16: Investment Discretion

We accept limited forms of discretion over your accounts, as follows, with your consent. Your grant of discretion is evidenced in the client services agreement (or addendums thereto) signed by you, and is further evidenced to the custodians through a limited power of attorney contained in the account establishment form signed by you or a separate limited power of attorney document signed by you. Nearly all clients appoint us as the client's agent and attorney-in-fact with respect to undertaking trades in client accounts; our ability to enter trades electronically for you often provides reduced transaction fees and other benefits to the client.

Item 17: Voting Client Securities

We have a policy of responding, when authorized by our clients, to all corporate actions and reorganization activity on their behalf. We will act on such corporate actions in a timely manner as part of its full discretionary authority over client assets in accordance with our Proxy Voting policies and procedures. Corporate actions may include, for example and without limitation, tender offers or exchanges, and class actions.

When acting with respect to corporate actions for clients, our utmost concern is that all decisions are made solely in your best interest (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). The advisor will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account.

Notwithstanding the foregoing, we have adopted the policy that we will not accept voting authority over what are commonly known in the securities industry as "proxy statements," which typically relate to matters of corporate governance. The distinction of whether a communication from an issuer qualifies as (i) a corporate reorganization or other corporate action, or (ii) a proxy statement, is made by the issuer, not by us or by the custodian.

Item 18: Financial Information

We do not require the prepayment of more than \$1,200 in fees per client, six months or more in advance.

We accept limited forms of discretion over your accounts, as described in Item 16 of this Brochure. Due to this acceptance, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. We currently possess no such financial condition. We have never been the subject of a bankruptcy proceeding.

Additional Information

Business Continuity Plan

General

We have a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural and manmade disasters. Electronic files are backed up daily and archived offsite.

Alternate Offices

An alternate office has been identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact you within five days of a disaster that dictates moving our office to an alternate location.

Information Security Program

We maintain an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

We are committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, the information will be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver our Privacy Policy to you annually, in writing.



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www.lehrermanagement.com**

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lmcinfo@lehrermanagement.com**

This brochure supplement provides information about Norman H. Lehrer, Tony L. Alarcon, and John Brian Kosecoff that supplements the Lehrer Management Company, Inc. brochure. You should have received a copy of that brochure. Please contact us if you did not receive Lehrer Management Company, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Norman H. Lehrer, Tony L. Alarcon, and John Brian Kosecoff is available on the SEC's website at www.adviserinfo.sec.gov.

**DATE
February 14, 2012**

Brochure Supplement

Education and Business Standards

We require that advisors in our employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Norman H. Lehrer

Item 2. Educational Background and Business Experience:

- * Year of birth: 1928
- * Institutions

Bachelor of Science degree in Physics from the College of the City of New York; 1951

Master of Science degree in Physics from New York University; 1954

Business Experience:

Norman H. Lehrer is president of LMC and Chairperson of the Investment Committee. Investment management has been his principal occupation for more than 27 years. He has been an investor in the stock market since 1949.

In 1979, Mr. Lehrer founded Lehrer Management Company.

Item 3. Disciplinary Information

None

Item 4. Other Business Activities:

None

Item 5. Additional Compensation:

None

Item 6. Supervision:

Mr. Lehrer is the President of Lehrer Management Company, Inc. and is responsible for all advice given to clients.

Tony L. Alarcon

Item 2. Educational Background and Business Experience:

- * Year of birth: 1967
- * Institutions

Bachelor of Science Degree in Business Administration, San Jose State University, 1992

Business Experience:

Mr. Alarcon is Vice President, Chief Executive Officer, and a member of the Investment Committee; from May 2011 to present.

Venture Capital Consulting; 2007 to present

Legacy Wealth Services; California Registered Investment Advisor; Founder and President; 2007 to present.

Legacy Development Inc.; Founder and President; 2005 to 2008

WM Financial Services; Senior Financial Advisor; 1999 to 2005

Item 3. Disciplinary Information

None

Item 4. Other Business Activities:

Venture capital consulting and Legacy Wealth Services (RIA)

Item 5. Additional Compensation:

Fees earned through activities related to Legacy Wealth Services and venture capital consulting.

Item 6. Supervision:

Mr. Alarcon is supervised by Norman H. Lehrer, President. He reviews Mr. Alarcon's work through occasional office (or other location) interactions as well as remote interactions.

SUPERVISOR'S contact information:

PHONE: 408-996-3390

EMAIL: Norman H. Lehrer (nlehrer@lehrermanagement.com)

John Brian Kosecoff

Item 2. Educational Background and Business Experience:

- * Year of birth: 1951
- * Institutions

Master's in Business Administration; Cornell University; 1979

Bachelor of Arts Degree in Economics; University of California-Berkeley, 1979

Business Experience:

Mr. Kosecoff is Senior Portfolio Manager and Vice Chairperson of the Investment Committee; from May 2011 to present.

J.P. Morgan; Vice President and Senior Investment Advisor; 2007 to 2008

Fundamental Investment Research & Management; Managing Principal and Investment Counselor; 2002 to 2007

Item 3. Disciplinary Information

None

Item 4. Other Business Activities:

None

Item 5. Additional Compensation:

None

Item 6. Supervision:

Mr. Kosecoff is supervised by Norman H. Lehrer, President. He reviews Mr. Kosecoff's work through occasional office (or other location) interactions as well as remote interactions.

SUPERVISOR'S contact information:

PHONE: 408-996-3390

EMAIL: Norman H. Lehrer (nlehrer@lehrermanagement.com)