

Garner Financial Management, Inc.

Registered Investment Advisor

3595 Mt. Diablo Blvd., Suite 290

Lafayette, CA 94549

Phone: 925-282-5500

Fax: 925-962-9250

www.GarnerFM.com

March 1, 2012

**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of Garner Financial Management, Inc., a registered investment advisor. If you have any questions about the contents of this brochure, please contact us at 925-282-5500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Garner Financial Management, Inc. is also available on the SEC's website at www.Adviserinfo.sec.gov. The IARD/CRD number for Garner Financial Management, Inc., is 131628.

Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

New Brochure Replaces Garner Financial Management, Inc. Form ADV Part II and Schedule F

The Garner Financial Management, Inc. brochure is substantially modified from its prior version, and contains new information for the benefit of our clients.

In this “Summary of Material Changes” we discuss only the material changes since the last annual update of this brochure in July 2011:

(1) **Redesign.** The Securities and Exchange Commission (“SEC”) recently published amendments to the rules for firm brochures. This brochure is redesigned in narrative format and is materially different in its structure. This brochure also contains new information now required by the SEC’s new rules.

(2) **Financial Advisor Biography.** Also included is the new Form ADV, Part 2B (each individual’s “Financial Advisor Biography”) for each investment advisory representative who directly provide advice to clients. Please refer to the Form ADV, Part 2B Financial Advisor Biography, included as a separate document accompanying this brochure.

(3) **Delivery of Amendments to this Brochure.** In the past Garner Financial Management, Inc. has offered or delivered information about the firm’s qualifications and business practices to clients on at least an annual basis. The brochure is updated at least annually, in order to ensure that it remains current.

Pursuant to new SEC rules, Garner Financial Management, Inc. will provide each of its clients with a summary of any material changes for subsequent annual updates to brochures by April 30th of each year. You will be provided with a new Brochure as necessary based on changes or new information, at any time, without charge.

Due to the changes to this brochure, it is suggested that clients review this document, in its entirety, upon receipt. Clients are also encouraged to review this brochure, and any questions they may possess regarding this brochure, with Rob Garner.

Table of Contents

Advisory Services.....	4
Fees and Compensation	4
Types of Clients	6
Methods of Analysis, Investment Strategies and Risk of Loss	7
Disciplinary Information	8
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	9
Brokerage Practices	10
Review of Accounts	11
Client Referrals and Other Compensation.....	12
Custody.....	13
Investment Discretion	14
Voting Client Securities.....	15
Financial Information	16
Requirements for State-Registered Advisors.....	17
Additional Information	18

Advisory Services and Fees

A. Services Offered

Garner Financial Management, Inc., Registered Investment Advisor ("GFM") offers a variety of services to meet the needs of its clients. Compensation also takes a variety of forms and is described as follows:

Asset Management: GFM will assist clients in designing personal financial goals and objectives and will make recommendations as to the allocation of present financial resources among different types of assets. GFM may directly manage client accounts utilizing a limited power of attorney. GFM will select securities and the amount of securities to be bought or sold without obtaining specific client consent prior to the execution of each individual transaction. All transactions are executed in accordance with the specific objectives of each client. The types of securities to be purchased are discussed and agreed upon in advance by GFM and client. GFM will be compensated for these services on a percentage of assets under management basis.

B. Fees and Compensation

Assets Under Management

For the payment of asset management services GFM clients may select to either have their custodial accounts debited for the fee due GFM or to have GFM invoice the client. Statements prepared by the custodial broker-dealers will reflect asset management fees that have been debited from client accounts. Statements prepared by GFM will include the percentage charged and fee calculation. Billing invoices prepared by GFM will include the same information. Investment advisory fees will not exceed 2.0% per annum. Fees may be increased, decreased, or waived on an individual basis, but will be agreed upon in advance, between GFM and client. All fees are made payable to GFM.

Fees are charged on a quarterly basis, in advance. If either party cancels the agreement, they would be pro-rated through the date of cancellation and any excess advance payment would be refunded to the client.

GFM is a fee-only investment advisor and as such does not receive any compensation directly or indirectly other than the agreed upon fee charged to the client by GFM.

Flat Fee

Any flat fee is determined by project. The fee will be negotiated and agreed to in advance by client and GFM.

Hourly Fee

GFM may provide hourly consulting services to clients upon request. The fee for this service will not exceed \$300.00 per hour depending upon a number of factors including complexity of the project. Fees will be discussed

and agreed upon in advance. Typically, these fees will be billed on a monthly basis, after services have been rendered.

In addition to the fee charged by GFM, each mutual fund company in which a client's funds may be invested also pays its own investment advisory fees and expenses. These fees are paid indirectly through the management fees assessed by the funds in their portfolios.

C. Investment Policy Statements

Individually managed accounts will be tailored to meet the client's investment goals and objectives. GFM may utilize an investment policy statement prepared specifically for that client that will detail the client's objectives and will include agreed upon investment strategies and limitations.

D. Assets Under Management

As of December 31, 2011, GFM manages a total of \$8,000,000.00 on a non discretionary basis and \$62,000,000.00 on a discretionary basis.

Types of Clients

GFM provides investment advisory services to individuals, corporations and other business entities. GFM has a minimum account size for new accounts of \$500,000. Accounts below the stated minimum may be accepted on an individual basis at the discretion of GFM.

Methods of Analysis, Investment Strategies and Risk of Loss

A. GFM utilizes methods of analysis and investment strategies, including but not limited to charting, fundamental, cyclical and technical, in formulating investment advice or managing assets. Clients must be aware that investing in securities involves risk of loss that clients should be prepared to bear.

B. GFM recommends general securities in client portfolios that include but are not limited to individual stocks, individual bonds, mutual funds, government securities and Real Estate Investment Trusts (REITS).

Disciplinary Information

A. Neither GFM or an employee of GFM have been or are currently involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which GFM:

1. has been convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
2. has been the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. has been found to have been involved in a violation of an investment-related statute or regulation; or
4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

B. Neither GFM or an employee of GFM have been or are currently involved in an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which GFM or a GFM manager:

1. was found to have caused an investment-related business to lose its authorization to do business; or
2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
 - (a) denying, suspending, or revoking the authorization of GFM to act in an investment-related business;
 - (b) barring or suspending GFM with an investment-related business;
 - (c) otherwise significantly limiting GFM investment-related activities; or
 - (d) imposing a civil money penalty of more than \$2,500 on GFM.

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

A. GFM maintains a Code of Ethics that describes firm policies and procedures and how GFM conducts business with its clients. GFM clients depend on the firm to be trustworthy, honest and loyal to their interests as provided in GFM's agreements with them and disclosures in the GFM form ADV. Clients expect GFM to protect the confidentiality of their personal and financial information and to provide timely and professional advice in accordance with GFM agreements. All GFM employees will receive a copy of the Code and must acknowledge in writing that he or she has received and read it.

All GFM employees are expected to strive to act at all time in accordance with fundamental principles of openness, integrity, and honesty. This is in addition to the legal obligations that GFM and all employees adhere to applicable federal securities laws including the rules and regulations adopted under the Investment Advisors Act.

B. GFM does not generally recommend to clients, or buys or sells for client accounts, securities in which GFM or a related person has a material financial interest, including acting as a general partner in a partnership in which GFM solicits client investments; or GFM or a related person acts as an investment Advisor to an investment company that GFM recommend to clients.

C. From time to time GFM may recommend that clients buy a security in which GFM or an associated person has an ownership position. Additionally, GFM or an associated person of GFM may purchase a security of the same class as securities held in a client's account. It is GFM's policy not to permit associated persons to trade in a manner that takes advantage of price movements caused by clients' transactions.

D. GFM and all its employees may purchase the same securities that are recommended to clients. GFM will put its client's needs first and will follow.

Brokerage Practices

Clients may specify which broker-dealer to use or GFM may make recommendations. Generally, these recommendations are based on GFM's perception of the breadth of services offered, and quality of execution. GFM utilizes the services of custodial broker-dealers including Fidelity and Schwab Institutional. The custodial broker-dealers make available to GFM, other products and services that benefit GFM but may not benefit its clients' accounts.

Some of these other products and services assist GFM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of GFM's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. The custodial broker-dealers also make available to GFM other services intended to help GFM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, the custodial broker-dealers may make available, arrange and/or pay for these types of services rendered to GFM by independent third parties.

The custodial broker-dealers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to GFM. While as a fiduciary, GFM endeavors to act in its clients' best interest, and GFM's recommendations that clients maintain their assets in accounts at the custodial broker-dealers may be based in part on the benefit to GFM of the availability of some of the foregoing products and services and are not solely on the nature, cost or based in part on the benefit to GFM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodial broker-dealers, which may create a potential conflict of interest.

Research and Other Soft Dollar Benefits

GFM does not engage in soft dollar benefits. GFM does not use client brokerage commissions (or markups or markdowns) to obtain research or other products or services.

GFM does not generally aggregate orders as large blocks of securities aren't typically purchased or sold.

Review of Accounts

Client accounts are reviewed on at least a quarterly basis. Monthly statements are sent to clients by the custodial broker dealer. In addition GFM prepares quarterly performance reports that are sent to clients.

Client Referrals and Other Compensation

A. GFM does not engage in activity with non clients to gain economic benefits including sales awards or other prizes.

B. GFM does not directly or indirectly compensate any person who is not a GFM supervised person for client referrals.

Custody

GFM does not maintain custody of client funds or securities. All client assets are maintained at the custodial broker dealer.

Investment Discretion

GFM maintains limited power of attorney in certain client accounts held at the custodial broker dealers. The limited power of attorney authorizes GFM to purchase and sell securities without obtaining prior permission to execute the transactions. All transactions are executed in accordance with the client's investment objectives that have been discussed and agreed upon with GFM and client.

Voting Client Securities

- A. GFM does not have nor will accept authority to vote client securities.
- B. GFM requests that clients engage another party to determine how proxies should be voted. GFM does not provide proxy voting services to its clients.

Financial Information

A. GFM bills its clients for services on a quarterly basis, in advance. GFM does not require or solicit prepayment of fees six months or more in advance and therefore is not required to file financial information with the Securities & Exchange Commission or state of California where GFM is domiciled.

Requirements for State-Registered Advisors

GFM Principal Executive Officers:

GFM and its Managers are not currently involved nor have they been involved in the past, in the following:

- I. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.

Additional Information

Advisory associates will be required to meet the registration and qualification requirements required by the specific states where GFM conducts its advisory business.