

Item 1: Cover Page

**FIRM BROCHURE
Part 2A of Form ADV**

FORTRESS CAPITAL MANAGEMENT, INC.

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This brochure provides information about the qualifications and business practices of Fortress Capital Management, Inc.. If you have any questions about the contents of this brochure, please contact us at (970) 879-5423. 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 about Fortress Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This version of Fortress Capital Management, Inc.'s ("Investment Advisor") brochure contains material changes prompted by recent legislation requiring investment advisors formerly registered with the Securities Exchange Commission ("SEC") having assets under management below \$25 million to register at the appropriate state securities authority in their home state. The Investment Advisor is a Colorado licensed investment advisory firm.

The Investment Advisor now charges performance based fees pursuant to a sub-advisory arrangement with an independent Florida investment advisor, Zachary Buckley. The nature of such performance based fees and the Investment Advisor's sub-advisory agreement with Mr. Buckley has been added to this version of the Investment Advisor's brochure.

Item 4 of this brochure has been updated to reflect that the Investment Advisor presently has a total of \$24,551,242 of client assets under management, having discretionary authority over approximately \$21,515,188 of this amount, and non-discretionary authority over approximately \$3,036,054 of this amount.

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Item 4: Advisory Business

About Fortress Capital Management, Inc. (the “Investment Advisor”)

The Investment Advisor is a Colorado limited liability company founded in June 2006. Its principal owner is Kenneth E. Walsh.

Advisory Services the Investment Advisor Offers

The Investment Advisor provides portfolio management services, primarily on a discretionary basis, to private individuals and institutional clients, such as pension plans, charitable organizations, trusts, corporations, and partnerships (hereafter, “PM Services”). Certain of the Investment Advisor’s PM Services will be performed by other independent investment advisors pursuant to a sub-advisory agreement entered into with the Investment Advisor (“Sub-Advisor PM Services”).

Generally, the Investment Advisor’s PM Services will involve the Investment Advisor working with each client to determine that client’s specific portfolio needs and limitations, then designing an asset allocation and investment objective plan to meet the client’s goals. Thereafter, the Investment Advisor will implement each plan, working directly with each client on a one-on-one basis. If after a review of a client’s current financial circumstances and investment goals it is determined that the client may desire a more aggressive investment plan seeking maximum growth, the Investment Advisor may refer the client for Sub-Advisor PM Services. Presently, the Investment Advisor refers its clients to an independent investment advisor, Zachary Buckley (“Sub-Advisor”). The Investment Advisor also offers general financial planning services.

The Investment Advisor and the sub-advisors to which it refers clients provide clients with investment advisory and portfolio management services regarding securities only. Often, the Investment Advisor will work alongside the client’s other financial advisor(s) to provide an investment experience that complements the client’s overall investment picture.

Client-Tailored Advisory Services

As aforementioned, the Investment Advisor personalizes and customizes the portfolios of its clients. Such personalization and customization includes working with a client’s already-existing portfolio to build out an appropriate portfolio under the Investment Advisor’s management (i.e. utilizing existing securities where appropriate), managing across multiple accounts (IRAs, trusts, personal, and joint accounts, etc.), and managing a client’s portfolio to meet the client’s specific distribution needs and tax goals. In line with this level of personalization and customization, clients may impose restrictions on the Investment Advisor with respect to investing in certain securities or types of securities.

Kenneth E. Walsh is an accountant and principal of Walsh Corr & Associates P.C., a general accounting firm with offices in Steamboat Springs, Colorado. In this capacity, Mr. Walsh offers tax preparation and consulting services. Clients are advised that when an Investment Adviser or it’s associated persons receive compensation for providing services in addition to investment advice, there is a potential conflict of interest because there is an incentive to recommend products or services for which the Investment Adviser or its associated person receives compensation. Kenneth E. Walsh has an incentive to recommend tax preparation and tax related consulting services to his clients. Clients are under no obligation to act upon any recommendations of Mr. Walsh.

Wrap Fee Programs

The Investment Advisor does not participate in or sponsor wrap fee programs.

Client Assets Under Management

As of the date of this brochure, the Investment Advisor has a total of \$24,551,242 of client assets under management. The Investment Advisor has discretionary authority over approximately \$21,515,188 of this amount, and non-discretionary authority over approximately \$3,036,054 of this amount.

Item 5: Fees and Compensation

Advisory Fees

Asset-Based Advisory Fee

The Investment Advisor charges each client a calendar quarterly asset-based advisory fee (the “Asset-Based Fee”) of 1/4 of 1.5% of the value of the account as of the end of the calendar quarter (1.5% annualized). Such Asset-Based Fee will be calculated and paid in arrears at the end of each calendar quarter and will be prorated for partial calendar quarters.

Performance-Based Advisory Fee

The Investment Advisor additionally charges only clients of its Sub-Advisory PM Services a performance-based advisory fee (the “Performance Fee”) of 20% of net profits experienced by their accounts during the calendar quarter. Such Performance Fee will be calculated and paid at the end of each calendar quarter and may be split between the Investment Advisor and the Sub-Advisor pursuant to a written sub-advisory agreement. Performance based fees will only be charged to clients that are “Qualified Clients” under Rule 203-5 under the Investment Advisers Act of 1940 (2010).

General Information Regarding Fees

The Investment Advisor retains the authority to, in its sole discretion, negotiate its fees with clients on a case-by-case basis.

The Investment Advisor has custody of its clients’ assets insofar as the Investment Advisor directly debits its fees from each client’s account pursuant to its advisory agreement and specific written authorization from each client for such direct debits. In accordance with Colorado Regulations 51-4.10 (IA) B.2 regarding constructive custody and safekeeping requirements, all fees due the Investment Advisor will be deducted automatically from client accounts only pursuant to each client’s written authorization for such automatic fee deductions. Each time the Investment Advisor deducts its fees from a client’s account, the Investment Advisor will concurrently (1) send the broker-dealer where the client’s account is maintained an invoice for the amount of the advisory fee(s) to be deducted from the client’s account and (2) send the client an invoice itemizing such fee(s). Such invoice shall include the formula used to calculate the Investment Advisor’s advisory fee(s), the amount of assets under management (or net profits, in the case of a Performance Fee) on which the fee(s) are based, and the time period covered by the fee(s). The broker-dealer at which the client’s assets are maintained is expected to send account statements to the Investment Advisor’s clients

coinciding with Investment Advisor's billing period(s) that show all disbursements for the custodian account, including the amount of the Investment Advisor's fee(s).

Clients will have continuous access to their account statements issued by the broker and are encouraged to carefully review such statements to confirm fees have been debited directly.

Additional Client Fees

Each client will bear their own transactional expenses, including mutual fund fees and brokerage commissions associated with the trading activity of their accounts. Clients will also be responsible for any other fees charged by the broker-dealers at which their accounts are held, such as custodial fees and the like. These fees are not paid to the Investment Advisor and the Investment Advisor does not benefit in any way from these fees.

Prepayment of Client Fees

The Investment Advisor does not charge clients fees in advance.

Compensation to the Investment Advisor and its Personnel for the Sale of Securities

Neither the Investment Advisor nor any of its personnel receive direct compensation for the sale of any securities.

Neither the Investment Advisor nor its management receive commissions on the basis of the sale of any securities. Further, neither the Investment Advisor nor its management receive compensation arising from markups on sales of securities.

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

As discussed in Item 5 above, the Investment Advisor charges its Sub-Advisory PM Services clients a performance based fee. Clients of the Investment Advisor's PM Services and its financial planning services clients are never charged performance based fees. Certain conflicts of interest result from the aforementioned performance based compensation arrangement. For example, the Investment Advisor and/or the Sub-Advisor may have the incentive to overtrade the accounts of clients who pay a performance based fee or allocate such clients' assets to riskier investments than it would otherwise in order to secure greater profits. Further, the Investment Advisor and/or the Sub-Advisor may have the incentive to allocate more time and resources to the management of accounts of clients that pay a performance based fee than accounts that do not in the hopes that the allocation of such additional time and resources to such accounts will yield greater profits for the Investment Advisor and/or Sub-Advisor. Conversely, where an account of a client that pays a performance based fee experiences losses to the extent it is unlikely or impossible for the Investment Advisor and/or Sub-Advisor to receive a performance fee from such client for a period or periods, the Investment Advisor and/or Sub-Advisor may have the disincentive to allocate time and resources to the management of such account or accounts for that period or periods.

Only the accounts of clients who are considered "Qualified Clients" under Rule 205-3 under the Investment Advisers Act of 1940 (2010) are eligible to be charged the Investment Advisor's performance based fee. A Qualified Client under Rule 205-3 (2010) is defined as:

A natural person who or a company that immediately after entering into an advisory contract with the Investment Advisor has at least \$750,000 under the management of the Investment Advisor;

A natural person who or a company that the Investment Advisor entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the advisory contract with the Investment Advisor, either:

Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$1,500,000 at the time the contract is entered into; or

Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 at the time the contract is entered into; or

A natural person who immediately prior to entering into the contract is:

An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the Investment Advisor; or

An employee of the Investment Advisor (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such Investment Advisor, provided that such employee has been performing such functions and duties for or on behalf of the Investment Advisor, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

The Investment Advisor's personnel may manage accounts which belong either to themselves, individually, or to their family (collectively, "Proprietary Accounts") or the accounts of affiliated entities ("Affiliated Accounts") while simultaneously continuing to manage the Investment Advisor's accounts. It is possible that orders for Proprietary Accounts and Affiliated Accounts may be entered in advance of or opposite to orders for clients' accounts, pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a different risk level. The management of any Proprietary Account or Affiliated Account is subject to the duty of the Investment Advisor and its personnel to exercise good faith and fairness in all matters affecting its clients' account.

Item 7: Types of Clients

The Investment Advisor's clients consist primarily of individuals. Other clients include institutional clients, such as pension plans, charitable organizations, trusts, corporations, and partnerships. The Investment Advisor generally requires a minimum of \$20,000 of assets under management to commence a separately managed relationship with a client, but may waive this minimum in its sole and absolute discretion. If an account falls under the minimum account size due to market fluctuations or trading losses only, a client will not be required to invest additional funds with the Investment Advisor to meet the minimum account size requirement.

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

Overview of Investment Strategies and Methods of Analysis Used by the Investment Advisor

The objective of the Investment Advisor's trading program is to achieve capital appreciation while attempting to minimize risk. The Investment Advisor primarily uses fundamental analysis in deciding whether a security is attractive for purchase. Fundamental analysis compares the relationship of the share price of the security to the earnings, financial position, and outlook for the underlying business. Purchases are made when the relationship of the share price to the other factors is judged to be favorable. Securities are sold when either the share price has appreciated to the point where the relationship to the other factors is no longer favorable or there are negative changes to the business, or other factors, to a degree where the share price is no longer attractive in relation to the business.

A security that meets the criteria for purchase or sale is also reviewed technically in order to attempt to improve the buy or sell price. Technical analysis is done by reviewing the price history for a given security in order to determine at what price other market participants were willing to buy or sell shares, and at what price the security shows evidence of "support" or "resistance." Support is the price at which other market participants have shown a willingness to purchase shares and as such "support" the price of the shares, keeping the shares from declining in price. Resistance is the price at which other market participants have shown a willingness to sell shares and thus prevent the shares from appreciating past the resistance price.

The Investment Advisor is primarily invested "long" in selected companies but may also sell short.

Losses on investments can occur in a number of instances, such as: 1) the analysis proves to be incorrect, 2) macro factors can cause markets to sell off or 3) sell orders exceed buy orders.

The Investment Advisor may invest in exchange listed securities, over the counter securities, foreign issues, warrants, options, corporate debt securities, municipal securities, and mutual funds. The main sources of information relied on by the Investment Advisor include financial newspapers/magazines/other publications, SEC company filings, research filed by others, corporate rating services, company press releases, financial community websites/discussion boards, company websites, company conference calls, discussions with company management, and discussions with other investment professionals.

The Investment Advisor may make long term purchases, short term purchases (less than a year), trading (less than 30 days) short sales, margin transactions, option writing, covered options, and spread options.

The trading program offered by the Sub-Advisor may differ in material ways from that of the Investment Advisor. Accordingly, before entering into an agreement for Sub-Advisory PM Services, all eligible clients are provided with a written disclosure concerning the trading methods and risks associated with the Sub-Advisor's trading program.

The foregoing is a general description of the Investment Advisor's overall trading program. Generally, the accounts of all of the Investment Advisor's clients will be managed pursuant to this program. However, consistent with the client-tailored nature of the Investment Advisor's services, the foregoing program will be augmented to suit each client's investment objectives and individual situation.

All investment activity involves the risk of loss that clients should be prepared to bear. A client's losses may exceed its assets and such client may lose not only the full amount of their investment with the Investment

Advisor, but be required to make up deficits in their accounts, especially where leverage is used unsuccessfully.

Specific Risks Associated with the Investment Advisor's Investment Strategy and Methods

What follows is an overview of general risks associated with engaging in investment activity of the type the Investment Advisor anticipates employing in managing the assets its clients.

Stop-Loss Orders: Placing contingent orders, such as “stop-loss” or “stop-limit” orders, will not necessarily limit the losses to the intended amounts, since market conditions, which can become extraordinarily volatile, may make it impossible to execute such orders. All positions involve risk, and strategies using combinations of positions, such as “spread” and “straddle” positions, may be as risky as taking simple “long” or “short” positions.

Leverage: Client account may borrow money from banks, brokerage firms, and other institutions, commonly known as margin, at prevailing interest rates and invest such funds in additional securities. Gains made with additional funds borrowed will generally allow the value of the leveraged account to rise faster than could be the case without borrowing. Conversely, if investment results fail to cover the cost of borrowing, the value of the leveraged account could decrease faster than if there had been no borrowing. In connection with borrowing limited by applicable margin limitations imposed by the Federal Reserve Board, borrowing may be reduced on a timely basis in the event the value of the leveraged account falls below the coverage requirement of the margin limitations. In the event of such a required reduction of borrowing, the securities positions held in the account may need to be liquidated at times when it might not be desirable or advantageous to do so.

Use of “Portfolio Margin”: The assets of client accounts may also be leveraged using a type of margin called “portfolio margin.” Portfolio margin sets margin requirements for a securities account based upon a determination of the net risk of all positions in the account, giving effect to all potentially offsetting positions. Portfolio margin uses computer models to set margin requirements based on the greatest potential net loss on all of the positions in the account, assuming various simulated market movements and taking offsetting positions into account. Allowing a broker-dealer to set margin requirements based on a value at risk calculation will ordinarily result in greater leverage for the customer. Depending on the particular positions maintained, the reduction in required margin could exceed 90%. With such accounts, broker-dealers extend credit to certain qualified customers without being bound to limitations on such margin activities imposed by Regulation T and existing exchange margin rules. Greater leverage entails a greater potential for quicker gain, but also additionally increases the risk of loss.

Short Sales: The assets held in client accounts may be used in short sale transactions. Short selling of instruments can result in profits when the prices of instruments sold short decline, and positions sold short may increase in value in a declining market. In a generally rising market, however, short positions may be more likely to result in losses because the environment may be more conducive for the instruments sold short to increase in value. A short sale involves the theoretically unlimited risk of loss through an unlimited increase in the market price of an instrument sold short.

Investing in Options: The Advisor may recommend or direct the purchase or sale of put or call options, covered and uncovered. The purchaser of a put or call option runs the risk of losing its entire investment in a relatively short period of time. The uncovered writer of a call option is subject to a risk of loss should the price of the underlying instrument increase, and the uncovered writer of a put option who does not have an

equivalent short position in the underlying instrument is subject to a risk of loss should the price of the underlying instrument decrease. The writer of a call option who owns the underlying instrument, and the writer of put option who has a short position in the underlying instrument, are subject to the full risk of their respective positions in the underlying instrument; in exchange for the premium, so long as such persons remain writers of options, they have given up the opportunity for gain resulting from, in the case of a call option writer, an increase in the price of the underlying instrument above the exercise price, or, in the case of a put option writer, a decrease in the price of the underlying instrument below the exercise point.

There are special risks associated with uncovered option writing, which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price. As with writing uncovered calls, the risk of writing uncovered put options bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.

Overall Investment Risk: The level of analytical sophistication as well as the level of computer hardware and systems necessary for successful trading and investing is unusually high. There is no assurance that the Investment Advisor will correctly evaluate the nature and magnitude of the various factors that could affect trading prospects. There can be no guarantee that the Investment Advisor's investment methods and strategies or any particular investment recommended or directed by the Investment Advisor will prove profitable.

Item 9: Disciplinary Information

Criminal or Civil Actions

Neither the Investment Advisor nor its management have been subject to any criminal or civil action proceedings.

Administrative Enforcement Proceedings

Neither the Investment Advisor nor its management have been subject to any administrative proceeding.

Self-Regulatory Organization Enforcement Proceedings

Neither the Investment Advisor nor its management have been subject to a self-regulatory organization proceeding.

Item 10: Other Financial Industry Activities and Affiliations

Registration as a Broker-Dealer or Registered Representative of a Broker-Dealer

Neither the Investment Advisor nor its management are or intend to become registered as a broker-dealer or a registered representative of a broker-dealer.

Futures or Commodities Registration

Neither the Investment Advisor nor its management are or intend to become registered as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.

Material Relationships with Related Persons

Material Relationship with an Accounting Firm

Kenneth E. Walsh, is an accountant and principal of Walsh Corr & Associates P.C., an accounting firm. In this capacity he offers tax preparation and consulting services.

Other Business Relationships

Kenneth E. Walsh is also a partner in several real estate investments. Clients are not solicited to invest in real estate.

Business Relationships with Other Advisers which Entail Conflicts of Interest

The Investment Advisor may recommend the services of the Sub-Advisor for certain clients and may be compensated by the Sub-Advisor for such recommendations or selections. Additionally, the Investment Advisor intends to acquire a material amount of its clients via referral from other advisers. Both such referral arrangements may involve conflicts of interest. This is discussed more completely in Item 14.

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

Code of Ethics

The Investment Advisor subscribes to a Code of Ethics which will be available to its clients upon request. This Code applies to the Investment Advisor as well as any of its executive officers or other officers performing similar functions. The Code holds each such person responsible for promoting honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; fair disclosure to the SEC or other applicable regulatory agencies; and prompt reporting of violations of the Code to appropriate regulatory agencies.

Securities Recommendations to Clients in Which Related Persons Have a Material Financial Interest

The Investment Advisor does not recommend, buy or sell for client accounts any securities in which the Investment Advisor or any member of its management team has a material financial interest.

Investment by the Investment Advisor and its Management in Securities Recommended to Clients

As discussed in Item 6, the Investment Advisor's management may trade Proprietary Accounts and Affiliated Accounts. Such Proprietary Accounts and Affiliated Accounts may make investments in the same securities the Investment Advisor recommends and transacts in for its clients. It is possible orders for securities for Proprietary Accounts and Affiliated Accounts may be entered in advance of or opposite to orders for client accounts, pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a

different risk level. The management of any Proprietary Accounts or Affiliated Accounts is subject to the duty of the Investment Advisor to exercise good faith and fairness in all matters affecting its clients' accounts.

General Information about Conflicts of Interest

The overarching principle guiding the Investment Advisor's Code of Ethics and the application thereof with respect to conflicts of interest is that the personal interest of the Investment Advisor or its management should not be placed improperly before the interest of the Investment Advisor's clients. More specifically, management personnel must not use their personal influence or personal relationship improperly to influence investment decisions of the Investment Advisor's clients whereby such member of management would benefit personally to the detriment of such clients or cause the clients to take action, or fail to take action, for the individual personal benefit of the Investment Advisor or any member of its management rather than the benefit of the clients.

Item 12: Brokerage Practices

Selection of Broker-Dealer Firms

The Investment Advisor has the authority to determine the securities to be bought or sold, the amount of the securities to be bought or sold, and the broker or dealer to be used for client accounts. A condition of the Investment Advisor's advisory contract with clients of its PM Services and its Sub-Advisory PM Services is that each such client maintain its account at TD Ameritrade ("TD"), 1005 N. Ameritrade Place, Bellevue, Nebraska. The Investment Advisor typically recommends that its non-discretionary clients also maintain their accounts at TD. The Investment Advisor has selected TD for this purpose because it believes TD offers competitive commission rates and execution services.

Soft Dollar Benefits Currently Received

As of the date of this brochure, the Investment Advisor does not receive any soft dollar benefits from any broker-dealer firm. Further, the Investment Advisor did not receive any soft dollar benefits during the last fiscal year.

Directed Brokerage

As aforementioned, the Investment Advisor requires that all PM Services and Sub-Advisory PM Services clients maintain their accounts at TD. Clients are advised that not all investment advisors require, as a condition of their advisory agreements, that clients use a particular broker-dealer. Additionally, although the Investment Advisor believes TD's commissions are reasonable and their execution services are competitive, the use of any one broker-dealer exclusively may result in the Investment Advisor being unable to achieve for its clients the most favorable execution at the best price available and accordingly may cost clients more money than other arrangements.

Order Aggregation

From time to time, the Investment Advisor may aggregate the purchase or sale of securities for more than one client account. The Investment Advisor will generally aggregate orders using TD's system for entering trades at the omnibus level. The Investment Advisor will allocate fills resulting from aggregate orders in accordance with its internal policy regarding the same. Generally, such policy requires the Investment

Advisor to allocate aggregate order fills among and between participating client accounts on a pro rata basis (i.e., to the extent each client account participated in the aggregate order).

Transaction costs are expected to be \$5 per trade. The Investment Advisor attempts to minimize such fees through the use of its block trading account. Through the use of its block trading account, multiple trades can be placed to buy or sell securities. For a given security, trades are aggregated (combined) to result in an average price for the shares. The aggregated buy or sell is then allocated to the client accounts based upon account values, resulting in one trade fee of \$5 for each allocation. This method results in very low transaction costs as a percentage of the value of the trade and is never greater than .5% of the trade allocated.

Item 13: Review of Accounts

Client Account Review Frequency

Client accounts are reviewed no less than quarterly by Kenneth E. Walsh. Client accounts are reviewed for consistency with the investment strategy and performance. Reviews may be triggered by changes in an account holder's personal tax or financial status or by fluctuations in the market. There is no limit on the number of accounts that can be reviewed.

Reports Provided to the Investment Advisor's Clients

Clients will have direct and continuous access to their accounts and the statements and related documents associated therewith via the broker-dealer with which their accounts are held.

Brokerage statements are generated monthly and sent directly to the client by TD. These statements list the account positions, activity in the account over the month and other related information. Clients are also sent confirmations following each transaction unless such notification is waived by the client.

Item 14: Client Referrals and Other Compensation

Compensation Arrangements with Non-Clients for Providing Services to Clients

The Investment Advisor and its management may receive compensation from non-clients as a result of providing advisory services to its client.

Client Referral Compensation

The Investment Advisor intends to pay cash compensation to third parties (specifically, other investment advisors) for client referrals. All such cash compensation will be paid pursuant to Section 206(4)-3 of the Investment Advisers Act of 1940 and the Investment Advisor will provide appropriate disclosure to introduced parties and maintain applicable written instruments consistent with federal and state laws.

Item 15: Custody

The Investment Advisor has custody of its clients' assets insofar as the Investment Advisor directly debits its fees from each client's account pursuant to its advisory agreement and specific written authorization from each client for such direct debits. In accordance with Colorado Regulations 51-4.10 (IA) B.2 regarding constructive custody and safekeeping requirements, all fees due the Investment Advisor will be deducted

automatically from client accounts only pursuant to each client's written authorization for such automatic fee deductions. Each time the Investment Advisor deducts its fees from a client's account, the Investment Advisor will concurrently (1) send the broker-dealer where the client's account is maintained an invoice for the amount of the advisory fee(s) to be deducted from the client's account and (2) send the client an invoice itemizing such fee(s). Such invoice shall include the formula used to calculate the Investment Advisor's advisory fee(s), the amount of assets under management (or net profits, in the case of a Performance Fee) on which the fee(s) are based, and the time period covered by the fee(s). The broker-dealer at which the client's assets are maintained is expected to send account statements to the Investment Advisor's clients coinciding with Investment Advisor's billing period(s) that show all disbursements for the custodian account, including the amount of the Investment Advisor's fee(s).

Clients will have continuous access to their account statements issued by the broker and are encouraged to carefully review such statements to confirm fees have been debited directly.

Item 16: Investment Discretion

Generally, the Investment Advisor's advisory agreement with its clients will provide for the Investment Advisor to be delegated discretionary authority over the accounts of such clients. This authority will be restricted to trading activity only, including buying and selling securities, utilizing margin, and so on. Except as otherwise set forth herein, the Investment Advisor will not be permitted to initiate transfers of funds in or out of clients' accounts.

If requested by a client, the Investment Advisor will manage accounts on a non-discretionary basis in which case the Investment Advisor will obtain approval prior to entering into any transaction or withdrawal on behalf of the client's account.

Item 17: Voting Client Securities

The Investment Advisor has adopted a proxy voting policy that will apply in voting client securities as required from time-to-time. This policy is summarized below.

Unless otherwise directed by a client in writing, the Investment Advisor shall vote in the best interest of its client without regard to its own interests. The Investment Advisor may contract with an independent proxy voting service ("independent service") and other independent service providers to provide various services. These services include development of a predetermined proxy voting policy for both domestic and international securities, vote recommendations, and voting of proxies for client accounts.

The Investment Advisor has adopted a variety of methods to ensure that proxy votes are not affected by conflicts of interest. In cases where the Investment Advisor votes securities in accordance with the predetermined policy and/or based upon the recommendations of an independent service, the vote is insulated from potential conflicts of interest that the Investment Advisor may have.

Conflicts of interest may arise when the Investment Advisor or an affiliate has a relationship with an issuer, whether the Investment Advisor has knowledge of the relationship or not. For purposes of the policy, a "material conflict of interest" is defined as a non-routine relationship between the issuer of a security and the Investment Advisor or an affiliate of which the Investment Advisor has actual knowledge that may affect the Investment Advisor's judgment in voting securities in the best interest of client accounts. Material

conflicts may arise when the Investment Advisor or an affiliate serves as investment advisor or fiduciary for the issuer or when an affiliate has a significant relationship with the issuer.

Clients may contact the Investment Advisor to obtain a complete copy of the Investment Advisor's proxy voting policy.

Item 18: Financial Information

Balance Sheet

Because the Investment Advisor does not require or solicit prepayment of more than \$500.00 in fees per client, six months or more in advance, it is not required to provide a balance sheet for its most recent fiscal year with the brochure.

Financial Conditions Reasonably Likely to Impair the Investment Advisor's Ability to Meet Its Contractual Obligations

As of the date of this brochure, the Investment Advisor is not subject to any financial conditions that are reasonably likely to impair its ability to meet its contractual obligations.

Item 19: Requirements for State-Registered Advisers

The Investment Advisor's Principals and Management Personnel

The Investment Advisor's principal and sole manager is Kenneth E. Walsh.

Kenneth ("Ken") E. Walsh, born 1955, is the founder and sole principal of Fortress Capital Management, Inc. (the "Investment Advisor"). Mr. Walsh began his investment career as an advisory representative with Xelan Inc. (February 2000 to December 2002), Xelan Investments Services, Inc. (December 2001 to January 2003), and Xelan Financial Planning, Inc. (January 2003 to December 2004). He later became associated with Greenbook Investment Management, Inc. (October 2004 to July 2005), and Portfolio Solutions, Inc. (October 2005 to November 2007), also as an advisory representative. Mr. Walsh is currently the manager of CLCW, LLC, a family limited liability company located in Colorado. He is an accountant and a principal of Walsh Corr & Associates P.C., an accounting firm established in October 1990. In this capacity, he offers tax preparation and consulting services.

Mr. Walsh graduated from Siena College with a bachelor of business administration in accounting in 1978. He is FINRA Series 66 examination qualified.

Mr. Walsh is also a partner in several real estate investments. Clients are not solicited to invest in real estate.

Other Business of the Investment Advisor

The Investment Advisor conducts no business other than providing investment advisory services.

Performance-based Fees

Please refer to Items 5 and 6 for information regarding the performance-based fees the Investment Advisor

charges. Prospective and current clients are again cautioned that performance-based fee arrangements like the Performance Fee discussed in the aforementioned items give rise to a material conflict of interest in that the Investment Advisor may recommend and direct higher risk investments for clients in an attempt to secure increased compensation..

Material Information Regarding Certain Arbitrations and Regulatory Actions

Neither the Investment Advisor nor its management have ever been subject to any arbitration or regulatory proceeding involving investment-related activity or charges of fraud, theft, or the like.

Item 1: Cover Page

**BROCHURE SUPPLEMENT
Part 2B of Form ADV**

**Fortress Capital Management, Inc.
SUPERVISED PERSON: KENNETH E. WALSH**

**1320 Ski Trail Lane, Unit 106
Steamboat Springs, Colorado 80487
(970) 879-5423 (Phone)
(303) 963-1622 (Fax)**

**Mailing Address
P.O. Box 774741
Steamboat Springs, Colorado 80477**

June 7, 2012

This brochure supplement about Kenneth E. Walsh that supplements the Fortress Capital Management, Inc. brochure. You should have received a copy of that brochure. Please contact Kenneth E. Walsh if you did not receive Fortress Capital Management, Inc.'s brochure or if you have any questions about the contents of this supplement. Registration does not imply a certain level of skill or training.

Additional information about Kenneth E. Walth is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Educational Background and Business Experience

Kenneth (“Ken”) E. Walsh, born 1955, is the founder and sole principal of Fortress Capital Management, Inc. (the “Investment Advisor”). Mr. Walsh began his investment career as an advisory representative with Xelan Inc. (February 2000 to December 2002), Xelan Investments Services, Inc. (December 2001 to January 2003), and Xelan Financial Planning, Inc. (January 2003 to December 2004). He later became associated with Greenbook Investment Management, Inc. (October 2004 to July 2005), and Portfolio Solutions, Inc. (October 2005 to November 2007), also as an advisory representative. Mr. Walsh is currently the manager of CLCW, LLC, a family limited liability company located in Colorado. He is an accountant and a principal of Walsh Corr & Associates P.C., an accounting firm established in October 1990. In this capacity, he offers tax preparation and consulting services.

Mr. Walsh graduated from Siena College with a bachelor of business administration in accounting in 1978. He is FINRA Series 66 examination qualified.

Item 3: Disciplinary Information

As of the date of this brochure supplement, Mr. Walsh has not been subject to any material legal or disciplinary events.

Item 4: Other Business Activities

Investment-Related Business

In addition to serving as a manager and principal of the Investment Advisor, Mr. Walsh is an accountant and principal of Walsh Corr & Associates P.C., an accounting firm. In this capacity he offers tax preparation and consulting services. Clients are advised that when an Investment Adviser or its associated persons receive compensation for providing services in addition to investment advice, there is a potential conflict of interest because there is an incentive to recommend products or services for which the Investment Adviser or its associated person will receive compensation. Kenneth E. Walsh has an incentive to recommend tax preparation and tax related consulting services to his clients. Clients are under no obligation to act upon any recommendations of Mr. Walsh.

Non-Investment-Related Business

Other Business Relationships

Kenneth E. Walsh is a partner in several real estate investments. Clients are not solicited to invest in real estate.

Item 5: Additional Compensation

Mr. Walsh does not receive any additional compensation from any other party for providing advisory services to the Investment Advisor’s clients.

Item 6: Supervision

Kenneth E. Walsh, manager and principal of the Investment Advisor, will be responsible for reviewing all activity in client accounts. Mr. Walsh undertakes on behalf of the Investment Advisor to ensure that it complies with its internal policies and procedures.

Item 7: Requirements for State-Registered Advisers

Arbitration Information

As of the date of this brochure supplement, Mr. Walsh has not been involved in any material arbitration or arbitration claim.

Other Awards, Etc.

As of the date of this brochure supplement, Mr. Walsh has not been awarded against or otherwise found liable in any civil, self-regulatory organization, or administrative proceeding.

Bankruptcy

As of the date of this brochure supplement, Mr. Walsh has not been the subject of a bankruptcy petition.