

Capital Advisory Group
442 W. Kennedy Blvd., Suite 380
Tampa, FL 33606
813-254-1070

This brochure is required by law and provides information about the qualifications and business practices of Capital Advisory Group. If you have any questions about the contents of this brochure, please contact us at: 813-254-1070, or by email at: Cheryl@cagtampa.com. 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 Capital Advisory Group is available on the SEC's website at www.advisorinfo.sec.gov.

March 30, 2012

Item 2 – Material Changes

This Item addresses only specific material changes that have occurred in our advisory business since the time of the last update to this Brochure (March 31, 2011) and provides you with a summary of such changes that are incorporated in this Brochure.

During 2011, Trade PMR, our servicing broker-dealer, changed custodian and execution services from Sterne, Agee and Leach, Inc. to First Clearing, LLC. This affects all of our clients and you will be receiving custodial statements from First Clearing. Our 3rd party managers will continue to use Foliofn for their trading and you will continue to receive custodial statements from Foliofn with no change.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Cheryl Gardner, Chief Compliance Officer, at 813-254-1070 or Cheryl@cagtampa.com.

Additional information about Capital Advisory Group is also available via the SEC's web site www.advisorinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Capital Advisory Group who are registered, or are required to be registered, as investment advisor representatives of Capital Advisory Group.

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Item 4 – Advisory Business

In this brochure references to “we,” “us,” “our,” “our firm” or “CAG” refer to Capital Advisory Group. Our firm’s clients and prospective clients are referred to as “you,” “your,” or, “our clients”.

Capital Advisory Group (“CAG”) was established in 1994 and offered advisory services as an affiliate of a nationally registered advisory firm. CAG left its prior affiliate to become an independent SEC registered investment advisor (“RIA”) in July 2007.

We offer individually tailored investment advisory services sometimes termed “wealth management” or “financial counseling” to high net worth individuals, pension and profit sharing plans, foundations and businesses.

Our services include investment education and planning, financial counseling, and portfolio management as well as referrals to third party asset managers. We provide performance reviews and monitoring of third party asset managers.

Our advisory services are highly customized to the financial needs and objectives of each of our clients through a consultative process that involves a series of initial meetings and regularly scheduled progress meetings.

The minimum new account size is \$ 1 million and our average client size is significantly higher. Exceptions such as accommodation accounts for other family members, additional entities, domestic partners or for other business reasons may be made at the discretion of William James, Managing Member.

Other advisory services can be arranged to meet special, occasional requests in the areas of estate planning, tax planning and insurance.

William James is the principal owner, Managing Member and President of Capital Advisory Group.

As of January 31, 2012, Capital Advisory Group managed \$41,417,048 in client assets on a limited discretionary basis.

Item 5 – Fees and Compensation

Our annual investment advisory fee ranges from 2% to 0.50% of your total investment assets depending on the size and complexity of the account(s). Our investment advisory fees are not negotiable. The first year's annual fee is greater than subsequent years due to the time-intensive educational process, multiple meetings during the first year and the staged implementation of the investment portfolios. Our fee schedule is as follows:

<u>Amount Under Management.</u>			<u>First Year Fee:</u>	<u>Future Year's Fee:</u>
\$1,000,000	To	\$4,999,999	2.00%	1.50%
\$5,000,000	To	\$9,999,999	1.50%	1.25%
\$10,000,000	To	\$24,999,999	1.00%	1.00%
\$25,000,000	To	\$49,999,999	.75%	.75%
\$50,000,000	To	\$99,999,999	.50%	.50%
Over		\$100,000,000	On Request	On Request

Our fee is billed quarterly in arrears. The fee is based on the market value of the account on the last business day of the preceding calendar quarter. The quarterly fee is one fourth (1/4) of the annual fee rate. We calculate the fee, discuss the fee statement with our client, and then send the custodian of your assets a "fees due" statement. The market value of your portfolio upon which the fees are based is provided on a quarterly report that you receive from us. The market values are also separately provided to you by the custodian. We urge our clients to compare both statements. If errors are discovered in the firm's favor, we credit or refund such amount with no time limit.

We typically pay all of your normal trading charges when implementing the investment plan as well as future trade charges. Some custodians, however, may charge quarterly custodial fees that “bundle” all costs, including trading charges, which the client pays.

Your investment portfolios may include the use of third party managers who act as sub-advisors that we recommend. The quarterly or annual fees charged by sub-advisors are similarly billed and deducted directly from your account(s) on an annual or quarterly basis in accordance with the sub-advisor’s negotiated fee schedule. We frequently are able to negotiate reduced fees from sub-advisors on our clients’ behalf as a result of the large accounts sizes that we bring to them.

We typically calculate the sub-advisor’s fee then send a fee statement to the custodian that holds your sub-advised assets. The market value of your portfolio upon which the fees are based is provided on a quarterly report that you will receive from us. The market values are also separately provided to you by the sub-advisor’s custodian. We urge our clients to compare both statements.

If the Advisory Agreement is signed on a day other than the first day of the calendar quarter, the initial fee and any sub-advisory fees are pro-rated for the number of days remaining in the calendar quarter, at the point we begin making purchases for your account. Similarly, if you elect to terminate your advisory services with us, we will exclude the days remaining in the calendar quarter from the date we receive notice of termination. Moreover, management fees are prorated for each capital contribution made during the applicable calendar quarter (with the exception of de minimus contributions).

We typically pay your normal trading charges and costs when implementing the investment plan through TradePMR. However, Foliofn charges a flat fee that includes trading charges and deducts these fees (0.0625% quarterly). In addition, Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. Such charges and fees are exclusive and in addition to our fee. Neither Capital Advisory

Group, nor our recommended sub-advisors, receives any portion of these fees and costs. Our performance reports are shown net of these fees.

Item 6 – Performance-Based Fees and Side-By-Side Management

To avoid conflicts of interest, Capital Advisory Group does not charge any performance-based fees (fees that are based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Capital Advisory Group offers personalized investment advisory services sometimes termed “wealth management” or “financial counseling” to high net worth individuals, pension and profit sharing plans, foundations and businesses.

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

We combine in-depth financial analysis of your personal and business wealth with capital preservation and strategic planning. This process provides you with a system to grow control and manage your personal and business wealth at a risk level of your choosing.

The process begins with an initial meeting where we gather relevant information about your current financial needs, objectives, existing financial assets, investment experience and risk tolerance. With your permission, we also often work to gather information from your CPA, attorney and other professionals who serve you to gain a thorough understanding of your broad financial picture.

After gathering the information we provide you with planning advice, as you desire, in the areas of investments, retirement, estate planning, insurance, financial organization and asset protection

With your consent we then work to implement the planning advice. Implementation of advice includes the on-going management of your investments. In the investment area we create portfolios for you that match your objectives and risk tolerance.

When creating a portfolio, we will typically hold multiple meetings with you before implementing recommendations to ensure that you have a general understanding of investments as well as the specific investments that we recommend for your portfolio. These meetings provide you with investment education and a perspective of the expectations of different investment models.

When you decide that you are ready to go forward with your investment choices we will provide asset allocation to structure the diversification of the investment choices. We may contract with third party money managers as sub-advisors that have met our due diligence standards to provide active money management strategies. Implementation of sub-advisors' recommendations is coordinated by us with your approval.

Thereafter, we will meet with you at least on a quarterly basis to review the performance of your portfolio and suggest changes as determined by the economic outlook and market conditions.

Please be advised that all investment programs have certain risks that are borne by you, the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- ***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 individual real estate properties are not.
- ***Financial Risk:*** Excessive borrowing (leverage) 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.

Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Capital Advisory Group or the integrity of our management. Capital Advisory Group is pleased to report that we have no legal or disciplinary information to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Occasionally, our clients will require various forms of life or health insurance as part of their estate or financial planning. We maintain an agency registered with the Florida Department of Financial Services to provide such products when needed. We may receive a commission for the placement of such insurance depending on the specific product and the agreement with our client.

Item 11 – Code of Ethics

We have adopted a Code of Ethics (the “Code”) describing the high standards of business conduct we expect all officers, directors, employees, and advisory representatives to follow. The Code also describes certain reporting requirements with which particular individuals associated with or employed by us must comply. We will provide a copy of the Code to you upon request.

Our principals and representatives will often own the same securities we recommend to you or our other clients. Generally, these securities will be shares of open ended mutual funds, Exchange Traded Funds or stocks and bonds actively traded on a national securities exchange or market where the time and size of their purchases or sales will not affect transactions for you or our other clients. If we do recommend the purchase or sale of a thinly traded security to you, we will ensure that our principals’ and representatives’ transactions do not adversely affect you nor improperly benefit them, typically by completing our principals’ and representatives’ transactions after all your and other client transactions have been made. Orders for your account and our own accounts may sometimes be aggregated or “batched” into one large order in accordance with our trade aggregation and allocation policy (described in connection with our brokerage placement practices below). Aggregated orders may achieve better execution for all participating accounts and those benefits will be fairly allocated among all participating accounts. This means our personal trades get the same price as our clients.

Capital Advisory Group's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Cheryl Gardner, Chief Compliance Officer, at 813-254-1070 or Cheryl@cagtampa.com.

Item 12 – Brokerage Practices

You are free to select any broker/dealer you wish. However, Capital Advisory Group prefers that our clients establish brokerage accounts with Trade-PMR, Inc. ("Trade-PMR"). Trade-PMR is a broker/dealer firm with a sophisticated trading platform that clears their transactions through First Clearing, LLC, ("First Clearing") an affiliate of Wells Fargo & Company. e. First Clearing also acts as the custodian for brokerage accounts established at Trade-PMR. Please note that Capital Advisory Group is independently owned and operated and is not affiliated with Trade-PMR / First Clearing, FolioFN or any other custodian that we may utilize.

Trade PMR / First Clearing and FolioFN provide Capital Advisory Group with brokerage, custody, and research services as well as access to institutional trading services. These services are typically not available to retail investors. Moreover, the services provided by these institutions is not contingent upon the amount of business provided by Capital Advisory Group.

In addition to the services described above, Trade-PMR/ First Clearing and FolioFN specifically provide products and services to Capital Advisory Group that assist us in managing and administering our clients' accounts including software that provides: access to client account data (e.g. confirmations and account statements), facilitation of trade executions, trade aggregation to multiple client accounts, securities pricing information and other market data, facilitation of payment of advisory fees from clients' accounts and back office recordkeeping.

Trade PMR / First Clearing also makes available other services intended to assist Capital Advisory Group in managing and further developing its business enterprise including conferences on practice management and information technology.

Due to the above-referenced benefits that we receive we have an incentive to recommend Trade-PMR / First Clearing to our clients. To address this conflict of interest we pay the transaction-related fees for all trades that we do on behalf of our clients for all accounts that are established with Trade-PMR and First Clearing. Trade-PMR / First Clearing also receives compensation on client transactions through other parties such as mutual funds.

Some of our clients who have accounts managed by our selected sub-advisors have accounts that are held in custody at FolioFN due to its advanced trading services. FolioFN charges these accounts a “bundled” custody fee of approximately 0.0625% each quarter in lieu of trading charges. We do not pay these custody fees on behalf of our clients.

On a quarterly basis, we acquire and review the best-execution reports of our custodian, First Clearing and for FolioFN, the custodian of our sub-advisors. Trading fees charged by the custodians are also reviewed on a quarterly basis. We do not receive any portion of the trading fees.

When we buy or sell the same security for two or more clients, including the accounts of associated persons of the firm, we may place concurrent orders with Trade-PMR to be executed together as a single “block” trade to facilitate orderly and efficient execution. Where orders are aggregated in this way, each client account will be charged or credited with the same average price per unit.

We do not receive any additional compensation or remuneration of any kind as a result of aggregating client trades.

Item 13 – Review of Accounts

While we monitor accounts on a continuous basis, a formal review is conducted at least monthly by William James, President and / or Westley James, Vice President.

The level of reviews is determined by the complexity of the portfolio as determined by the reviewer, but all client investments are reviewed. Factors that may necessitate a more frequent review include, but are not limited to, changes in market conditions, changes in the client's financial situation or investment objectives, large deposits or withdrawals from the account, and / or the client's request for an additional review.

Detailed performance reports for our clients are provided quarterly by Capital Advisory Group using performance reporting services and including multiple types of reports obtained via a secure internet web site. Our clients also receive statements on a monthly basis from the custodians of their accounts.

Capital Advisory Group meets with each client at least quarterly for an extensive review of the client's portfolio to review performance and to make suggestions for changes.

Item 14 – Client Referrals and Other Compensation

Capital Advisory Group has been fortunate to receive many client referrals over the years. The referrals are mainly from current clients, estate planning attorneys and CPAs. However, we have also entered into a solicitor's agreement with one individual. Under this agreement the solicitor is compensated for his referrals by sharing the annual management fee earned by CAG. Clients who are referred by our solicitor receive a separate solicitor's disclosure brochure describing our solicitation arrangement, the compensation that we pay the solicitor and terms of the arrangement.

Item 15 – Custody

We do not custody client's funds or securities.

You will receive at least monthly statements from First Clearing, FolioFN and any other custodian you may wish to use in addition to quarterly performance reports that you receive from us.

We urge you to carefully review such statements and compare such official custodial records to the account statements and performance reports provided to you by us.

Our reports may vary from custodial statements based on accounting procedures, reporting dates, timing of valuations or valuation methodologies of certain securities. For example, a partnership that determines its value after the first day of each month would be shown on your custodial statement at the previous month's value.

At Item 16 – Investment Discretion

At the outset of our advisory relationship, our clients grant us a limited power of attorney that authorizes us to us to decide the identity and amount of investments to purchase and sell for them and which sub-advisors to select on their behalf. We exercise this authority in a manner that is consistent with the stated investment objectives and any limitations that our clients provide to us in writing.

Typically, we discuss these transactions and sub-advisor selections in advance with our clients during our regularly scheduled quarterly meetings or more frequently as conditions require.

We do not have authority to withdraw funds or securities from client accounts.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, Capital Advisory Group does not have any authority to vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

Item 18 – Financial Information

Registered Investment Advisors are required in this Item to provide you with certain financial information or disclosures about Capital Advisory Group's financial condition. Capital Advisory Group has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Brochure Supplement (Part 2B of Form ADV)

The following brochure supplement provides information about **Bill James, Wes James** and **Cheryl Gardner** and is part of the Capital Advisory Group brochure. Please contact Cheryl Gardner at 813-254-1070 if you have any questions about the contents of this supplement.

William E. James

Additional information about William E. James is available on the SEC's website at www.advisorinfo.sec.gov.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Year of Birth: 1948

Education:

High Point College, High Point, NC 1966—1967

University of North Carolina, Chapel Hill, NC 1967—1969

University of North Carolina School of Law, Chapel Hill NC 1969—1970

Professional Certifications:

Chartered Financial Consultant (ChFC) – 1983:

The Chartered Financial Consultant designation program provides financial professionals with comprehensive in-depth knowledge in financial planning. The designation is awarded by the American College in Bryn Mawr, P.A.

- Candidates must pass eight required courses through examination within a two year period.
- Requires three years experience in this field (or two years with an undergraduate degree immediately preceding the date of the award.)

Graduate Certificates in Financial Counseling and Advanced Estate Planning from the American College in Bryn Mawr, P.A.

BUSINESS BACKGROUND PRECEDING FIVE YEARS:

Capital Advisory Group, Tampa, FL 1994—Present

Advising high net worth clients / foundations/qualified plans and developing, implementing and monitoring investment plans and advising on estate and financial planning.

DISCIPLINARY INFORMATION—None

OTHER BUSINESS ACTIVITIES—None

ADDITIONAL COMPENSATION—None

SUPERVISION—None

William W. James

Additional information about William W. James is available on the SEC's website at www.advisorinfo.sec.gov.

EDUCATIONAL BACKGROUND

Year of Birth: 1974

Education:

B.S. in Finance from the University of Florida, Gainesville, FL 1993—1997

Professional Certifications:

Certified Financial Planner (CFP) – 2006:

Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board (www.cfp.net).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check
- Thirty hours of continuing education is required every two years.

BUSINESS BACKGROUND

Capital Advisory Group, Tampa, FL 2006—Present

Advising high net worth clients / foundations/qualified plans and developing implementing and monitoring investment plans and advising on estate and financial planning.

T. Rowe Price, Tampa, FL, 1998—2004

Provide investment advice to high net worth clients and 401(k) participants.

DISCIPLINARY INFORMATION—None

OTHER BUSINESS ACTIVITIES—None

ADDITIONAL COMPENSATION—None

SUPERVISION

William W. James (Wes) is supervised by William E. James (Bill), President of Capital Advisory Group. Bill reviews Wes's work through frequent office interactions as well as remote office interactions. He also review's Wes's activities through periodic reviews of client accounts.

Contact information for William E. James is 813-254-1070, Bill@cagtampa.com

Cheryl E. Gardner

Additional information about Cheryl E. Gardner is available on the SEC's website:

www.advisorinfo.sec.gov.

EDUCATIONAL BACKGROUND

Year of Birth: 1960

Education:

Virginia Commonwealth University, Richmond, VA 1980—1983

Professional Certifications:

Chartered Financial Consultant (ChFC) – 1987:

The Chartered Financial Consultant designation program provides financial professionals with comprehensive in-depth knowledge in financial planning. The designation is awarded by the American College in Bryn Mawr, PA.

- Candidates must pass eight required courses through examination within a two year period.
- A required experience requirement of three years or two years with an undergraduate degree immediately preceding the date of the award.

BUSINESS BACKGROUND

Capital Advisory Group, Tampa, FL 1994—Present

Chief Compliance Officer and Office Manager

DISCIPLINARY INFORMATION—None

OTHER BUSINESS ACTIVITIES—None

ADDITIONAL COMPENSATION—None

SUPERVISION

Cheryl E Gardner (Cheryl) is supervised by William E. James (Bill), President of Capital Advisory Group. Bill reviews Cheryl's work through frequent office interactions as well as remote office interactions. He also reviews Cheryl's activities through periodic reviews of client accounts.

Contact information for William E. James is 813-254-1070, Bill@cagtampa.com