

**ITEM 1: COVER PAGE FOR
PART 2B OF FORM ADV:
BROCHURE SUPPLEMENT
DATED JANUARY 2012**

GEORGE DUFF

**GRACE CAPITAL MANAGEMENT, LLC
11651 JOLLYVILLE ROAD, SUITE 300
AUSTIN, TX 78759
PHONE NUMBER: (512) 485-1800**

FIRM CONTACT: GEORGE DUFF, CHIEF COMPLIANCE OFFICER

FIRM WEBSITE ADDRESS: WWW.GRACE-CAP.COM

This brochure supplement provides information about George Duff that supplements our brochure. You should have received a copy of that brochure. Please contact George Duff, Managing Member and Chief Compliance Officer, if you did not receive our firm's brochure or if you have any questions about the contents of this supplement.

Additional information about George Duff is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

We are required to disclose the following information about George Duff:

Name: **George R. Duff**

Year of Birth: 1970

Formal Education after high school:

- University of Texas, BBA, 1992.
- University of Texas, MBA with concentration in Finance, 1996.

Business Background (including an identification of the specific positions held for the preceding five years):

- Grace Capital Management, LLC, Managing Member and Chief Compliance Officer, 04/09 – Present.
- Triad Advisors, Inc., Registered Representative, 06/07 – Present.
- Duff & Boynton, Managing Member, 06/07 – 03/09.
- Wachovia Securities Financial Network, LLC, Registered Representative, 04/04 – 06/07.

Item 3 Disciplinary Information

If there are legal or disciplinary events material to your evaluation of George Duff, we are required to disclose all material facts regarding those events.¹

We have nothing to disclose in this regard.

Item 4 Other Business Activities

A. If George Duff is actively engaged in any investment-related business or occupation, including if George Duff is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant (“FCM”), commodity pool operator (“CPO”), commodity trading advisor (“CTA”), or an associated person of an FCM, CPO, or CTA, we are required to disclose this fact and describe the business relationship, if any, between the advisory business and the other business.

1. If a relationship between the advisory business and George Duff’s other financial industry activities creates a material conflict of interest with you, the SEC requires us to describe the nature of the conflict and generally how we address it.

We have nothing to disclose in this regard.

¹ **Note:** Our firm may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, we are not required to disclose it. When we review a legal or disciplinary event involving George Duff to determine whether it is appropriate to rebut the presumption of materiality, we consider all of the following factors: (1) the proximity of George Duff to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If we conclude that the materiality presumption has been overcome, we prepare and maintain a file memorandum of our determination in our records. We follow SEC rule 204-2(a)(14)(iii) and similar state rules.

2. If George Duff receives commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service (“trail”) fees from the sale of mutual funds, we have to disclose this fact. If this compensation is not cash, we are required to explain what type of compensation George Duff receives. We must explain that this practice gives George Duff an incentive to recommend investment products based on the compensation received, rather than on your needs.

Mr. Duff is a registered representative of Triad Advisors, Inc. (“Triad”), member FINRA/SIPC. As a registered representative, he may offer securities products and brokerage services to clients of Advisor on behalf of Triad pursuant to FINRA rules and regulations. Triad maintains a supervisory relationship with respect to its registered representative employed by the Adviser for their activities related to the offers and sales of, and continuing services for the securities products and brokerage services on behalf of Triad. Triad may supervise the activities of the Adviser or its representatives when they are providing the advisory services of the Adviser.

Triad has fully disclosed clearing arrangements with National Financial Services, LLC (“NFS”), a wholly owned subsidiary of the Fidelity Investments Group. As a fully disclosed broker-dealer, Triad may take custody of clients’ funds or securities for transmittal only.

- B. If George Duff is actively engaged in any business or occupation for compensation not discussed in response to Item 4.A, above, and the other business activity or activities provide a substantial source of George Duff’s income or involve a substantial amount of George Duff’s time, we are required to disclose this fact and must describe the nature of that business. If the other business activities represent less than 10 percent of George Duff’s time and income, we may presume that they are not substantial.

As a licensed insurance agent, Mr. Duff may recommend to his advisory clients a variety of insurance products, and he may offer commissionable (non-variable) insurance products to Advisor’s clients for which he may receive compensation. Insurance sales constitute approximately 5% of Mr. Duff’s time.

Item 5 Additional Compensation

If someone who is not a *client* provides an economic benefit to George Duff for providing advisory services, we are required to generally describe the arrangement. For purposes of this Item, economic benefits include sales awards and other prizes, but do not include George Duff’s regular salary. Any bonus that is based, at least in part, on the number or amount of sales, *client* referrals, or new accounts should be considered an economic benefit, but other regular bonuses should not.

We have nothing to disclose in this regard.

Item 6 Supervision

We are required to explain how we supervise George Duff, including how we monitor the advice George Duff provides to you. Our firm has to provide the name, title and telephone number of the person responsible for supervising George Duff's advisory activities on behalf of our firm.

George Duff is the sole principal and Chief Compliance Officer and as such has no internal supervision placed over him. He is however bound by our firm's Code of Ethics.

Item 7 Requirements for State-Registered Advisers

A. In addition to the events listed in Item 3 of Part 2B, if George Duff has been involved in one of the events listed below, we disclose all material facts regarding the event.

1. 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.

We have nothing to disclose in this regard.

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.

We have nothing to disclose in this regard.

B. If George Duff has been the subject of a bankruptcy petition, we must disclose that fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

**ITEM 1: COVER PAGE FOR
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BROCHURE SUPPLEMENT
DATED JANUARY 2012**

JACK KELLAN DORMAN

**GRACE CAPITAL MANAGEMENT, LLC
11651 JOLLYVILLE ROAD, SUITE 300
AUSTIN, TX 78759
PHONE NUMBER: (512) 485-1800**

FIRM CONTACT: GEORGE DUFF, CHIEF COMPLIANCE OFFICER

FIRM WEBSITE ADDRESS: WWW.GRACE-CAP.COM

This brochure supplement provides information about Jack Dorman that supplements our brochure. You should have received a copy of that brochure. Please contact George Duff if you did not receive Grace Capital Management's brochure or if you have any questions about the contents of this supplement.

Additional information about Jack Dorman is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

We are required to disclose the following information about Jack Dorman:

Jack Kellan Dorman

Year of Birth: 1949

Formal Education after high school:

- 1972, University of Texas at Austin, B.A

Business Background (Positions held for the preceding five years):

- 06/2011-Present; Grace Capital Management, LLC.- Investment Advisor Representative
- 07/2009-Present; Spinup- Owner
- 01/2001-07/2009; Hope Chapel- Pastor

Item 3 Disciplinary Information

If there are legal or disciplinary events material to your evaluation of Jack Dorman, we are required to disclose all material facts regarding those events.

We have nothing to disclose in this regard.

Item 4 Other Business Activities

A. If Jack Dorman is actively engaged in any investment-related business or occupation, including if Jack Dorman is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA, we are required to disclose this fact and describe the business relationship, if any, between the advisory business and the other business.

1. If a relationship between the advisory business and Jack Dorman's other financial industry activities creates a material conflict of interest with you, the SEC requires us to describe the nature of the conflict and generally how we address it.

We have nothing to disclose in this regard.

2. If Jack Dorman receives commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service ("trail") fees from the sale of mutual funds, we have to disclose this fact. If this compensation is not cash, we are required to explain what type of compensation Jack Dorman receives. We must explain that this practice gives Jack Dorman an incentive to recommend investment products based on the compensation received, rather than on your needs.

We have nothing to disclose in this regard.

- B. If Jack Dorman is actively engaged in any business or occupation for compensation not discussed in response to Item 4.A, above, and the other business activity or activities provide a substantial source of Jack Dorman's income or involve a substantial amount of Jack Dorman's time, we are required to disclose this fact and must describe the nature of that business. If the other business activities represent less than 10 percent of Jack Dorman's time and income, we may presume that they are not substantial.

We have nothing to disclose in this regard.

Item 5 Additional Compensation

If someone who is not a client provides an economic benefit to Jack Dorman for providing advisory services, we are required to generally describe the arrangement. For purposes of this Item, economic benefits include sales awards and other prizes, but do not include Jack Dorman's regular salary. Any bonus that is based, at least in part, on the number or amount of sales, client referrals, or new accounts should be considered an economic benefit, but other regular bonuses should not.

We have nothing to disclose in this regard.

Item 6 Supervision

We are required to explain how we supervise Jack Dorman, including how we monitor the advice Jack Dorman provides to you. Our firm has to provide the name, title and telephone number of the person responsible for supervising Jack Dorman's advisory activities on behalf of our firm.

George Duff, Managing Member and Chief Compliance Officer of Grace Capital Management LLC, supervises and monitors Jack Dorman's activities on a regular basis. George Duff reviews all outgoing correspondence for written financial advice that Jack Dorman provides to his clients. Please contact George Duff if you have any questions about Jack Dorman's brochure supplement.

Item 7 Requirements for State-Registered Advisers

A. In addition to the events listed in Item 3 of Part 2B, if Jack Dorman has been involved in one of the events listed below, we disclose all material facts regarding the event.

1. 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.

We have nothing to disclose in this regard.

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.

We have nothing to disclose in this regard.

B. If Jack Dorman has been the subject of a bankruptcy petition, we must disclose that fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.