

Jess S. Morgan & Company, Inc.

Part 2A of Form ADV

The Brochure

5900 Wilshire Blvd., Suite 2300
Los Angeles, CA 90036-3697
(323) 634-2400

Updated: March 2014

This brochure provides information about the qualifications and business practices of Jess S. Morgan & Company, Inc. (“JSMCO” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 323-634-2400. 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 JSMCO is also available on the SEC’s website at: www.adviserinfo.sec.gov. You may also visit Jess S. Morgan & Company, Inc. or our website at: www.jsmc.com.

Material Changes

There have been no material changes since the last filing of our ADV in June 2013.

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Advisory Business

JSMCO provides investment supervisory services, executes purchases and sales of securities and property for clients; maintains records of all principal and income transactions, reconciles clients' monthly bank statements, and prepares annually for clients or their tax consultants a statement of taxable and non-taxable income and expenses and short and long-term capital gains and losses.

JSMCO was founded in 1967 as a business management company and registered with the SEC as an investment adviser in March of 1968. The firm is entirely owned by certain of its senior executives: Timothy Bodner, Gary Levenstein, Richard Mandel, Jeremy Stahl, and Susan Ollweiler.

As of March 31, 2014 JSMCO managed \$169,115,162 million on a discretionary basis on behalf of approximately 83 clients.

Fees and Compensation

FEE SCHEDULE:

The fee for investment supervisory services is up to 1.75% of the value of assets under management.

Fees are charged based on the market value of each client's account on the last business day of each quarter after adjusting upward or downward for any additions or withdrawals during the quarter in excess of fifty thousand dollars by instructing, under the clients authority, banks or trust companies or others having custody of client's securities or funds to pay such advisory fee directly to applicant.

Fees are payable when invoiced. Invoices are prepared based on the market value of client's portfolio on the last day of each quarter for the following quarter, after statements have been reconciled to client's custodial bank statement or broker statement.

A client may secure a refund or terminate an investment advisory contract by written notice in which case investment advisory fees are apportioned as of the termination date.

Business management fees are charged to clients based on all compensation earned by them in any form; i.e., salary, bonus, profit participation, corporate stock, stock options, bargain purchases etc.

The annual fee is either: A) a minimum against 5% of the compensation, paid monthly or B) a minimum plus 5% of the compensation, paid monthly or C) 5% of the compensation paid monthly. In some instances, clients are charged a fixed retainer fee on a monthly basis or more frequently. Certain clients are charged on an hourly basis with fees paid quarterly.

Additional fees are charged for music publishing administration equal to 2.5% of music publishing income and 5% of real estate income.

JSMCO manages several general partnerships. Most are venture capital partnerships that invest in start-up and mezzanine financings; three invest in publicly traded securities. JSMCO's clients and JSMCO's related persons may be solicited to invest in these partnerships.

JSMCO charges an annual management fee of 2% of valuation for the venture capital partnerships and an annual management fee of 1% of valuation for the public securities partnerships.

When venture capital investments can be sold or distributed to partners as a result of a public offering, applicant makes a determination as to the best course of action and distributes securities or liquidates the investment and distributes funds to the partners.

Performance Based Fees and Side-by-Side Management

JSMCO does not charge any performance fees.

Types of Clients

JSMCO provides investment supervisory services to individuals, businesses, retirement plans, trusts, and charitable organizations.

JSMCO generally requires a minimum of \$500,000.00 in assets for the establishment of an investment advisory account but will make exceptions at times to accept smaller accounts.

Methods of Analysis, Investment Strategies and Risk of Loss

JSMCO manages clients' individual, corporate, and retirement portfolios, which are structured to meet their investment criteria and objectives. A formal investment policy statement is agreed upon for each client and accounts are managed accordingly.

At its essence, JSMCO's investment strategy combines "core," or diversifying asset class investments, with "satellites" that seek outperformance. Our core/satellite models combine index and active investments across asset classes-creating a balance between a strong foundation based on diversified asset allocation and opportunities for risk-controlled, enhanced performance. Asset allocation, one of the most critical steps in investment planning, translates an investor's wealth goals into a strategic blueprint. As the core of an investment strategy, it acts as the foundation upon which the rest of the investment process is based. A strong core captures a range of diversifying opportunities-from traditional asset classes such as domestic equities and fixed income, to alternative asset classes. By building a base that includes a breadth of unique risk/return exposures, investors can push out their investment frontier, allowing for the opportunity to achieve greater return at a given risk level.

The ability to make positive investment decisions is founded on strong research capabilities. Domestic and international data, fiscal and monetary policy, fundamental research as well as both micro and macro events are analyzed on a daily basis to form our opinions on security and asset allocation decisions. In addition to internal analysis, JSMCO receives regular communication from leading research firms.

All investments we select are subject to the risk of loss. Equity investments often fluctuate significantly in value due to a variety of factors that may impact either individual issuers, larger segments of the markets as a whole, or both. Debt investments can also fluctuate significantly in value due to changes in interest rates or events impacting the issuers of the debt. Alternative investments, such as venture capital, may have reduced liquidity and therefore the client may not be able to redeem their investment when desired. Our policy for valuing venture capital is outlined below:

Jess S. Morgan & Co., Inc. policy for valuing venture capital fund holdings

The Morgan Investors General Partnerships (The "Partnerships") invest as Limited Partners in outside private equity partnerships. The policy for valuing such holdings is to price the market value equal to the value calculated and presented in the quarterly statements issued by the private equity partnerships.

In cases where outside partnerships do not issue quarterly valuation statements, the Morgan Partnerships

shall value such holdings at the purchase price until advised otherwise by the issuer.

For individual privately held securities held in The Partnerships, the policy is to value such securities at the price per share of the latest round of the company's most recent financing.

For privately held securities held in The Partnerships which initiate a public offering and in the case where The Partnership's position in such company is restricted from sale due to a lock up, The Partnership's will value such securities at the current quoted market price, less a 10% discount for lack of liquidity, a fairly standard discount rate utilized by private equity funds.

Discount rates are subject to change based on additional information received and based on industry standard discounts for illiquid securities.

Disciplinary Information

JSMCO and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

JSMCO is engaged in the field of business management for individuals and companies in the entertainment and allied fields as well as providing investment supervisory services.

JSMCO supervises the affairs of its clients in all areas of financial management including investments in real estate, oil and gas, and venture capital.

JSMCO tracks client income and expenses, provides business management services for individuals & entities in the entertainment and allied fields. Applicant accounts for client's income & expenses, assists with tax and estate planning, prepares tax returns and supervises insurance programs.

For none of these areas does applicant have a product for sale.

Time spent by Executive Personnel on Business Activities

	Business Management Services	Investment Advisory Services
Gary N. Levenstein		100%
Timothy Bodner	95%	5%
Richard Mandel	85%	15%
Susan Ollweiler	85%	15%
Jeremy Stahl	85%	15%

The following statements pertain to all partnerships managed by JSMCO.

1. Addresses are the same as Applicant.
2. Corporate officers purchase partnership interests on same basis as clients.
3. Investments are made when opportunities arise.
4. Clients are selected by the executives based on the special needs of the client and the type of investment involved. Not all clients will be offered the opportunity to invest in the Partnerships; this is at the sole discretion of JSMCO.

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

To avoid any potential conflicts of interest involving personal trades, Jess S. Morgan & Co. has adopted a Securities Compliance Policy, which includes a formal code of ethics and insider trading policies and procedures. JSMCO's Securities Compliance Policy requires, among other things, that Employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of JSMCO's above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

JSMCO's Securities Compliance Policy also requires Employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide JSMCO with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

A copy of JSMCO's Code of Ethics Policy shall be provided to any client or prospective clients upon request.

When buying or selling securities, as a matter of policy and whenever possible, trades are made in block and allocated to all clients and executive officers with the same and average price paid by all accounts. In cases where we buy or sell securities in which the trade cannot be completed in that same day, executions are completed for clients first and for executive officers last.

Brokerage Practices

Factors considered to determine brokerage firms to be used are: which companies the firm has research coverage for, the quality of the firm's economic research, the quality of the broker's analysis, the firm's reputation and reasonableness of commissions and the quality of the execution of the orders.

With regard to reasonableness of commissions, JSMCO negotiates discounts in the range available to institutions from prevailing published rate schedules with all brokers regardless of whether they provide research.

JSMCO allocates transactions among brokers and dealers at prices and commission rates, which in JSMCO's good faith judgment will be to the best interest of clients' accounts. JSMCO takes into consideration not only such prices and commissions but other factors, such as, but not limited to, execution capabilities, limited frequency of errors, and research and other services provided which are expected to enhance JSMCO's ability to perform its services.

It is possible that at times clients may pay commissions higher than those obtainable from other brokers even though applicant is securing discounts which are generally considered to be in the range available to institutional clients.

JSMCO has soft dollar arrangements with 2 brokerage firms which provide research services and products. The commissions paid are no higher than paid at any other brokerage firm except in the case of equity trades with Morgan Stanley, who has a minimum charge of 6 cents per share. The research provided is used to service all accounts managed by Jess S. Morgan & Co., Inc. JSMCO has an incentive to direct trades to these two brokers in order to receive these services and products. Research is used to service all clients and not just those accounts paying for it.

If, JSMCO were to ever receive small stock allocations of Initial Public Offerings, the internal policy for allocating the shares is to consider all accounts equally and fairly and to distribute the shares throughout as many of the client accounts as possible. A master list of all accounts is maintained and updated to show those accounts which have received IPO allocations. All clients who are potential investors in IPOs under the guidelines described below are randomly selected to participate. JSMCO employees do not participate in allocations of IPOs.

When JSMCO transacts in initial public offerings (or other limited investment opportunities) for advisory accounts, JSMCO takes into account cash availability and need, suitability, investment objectives and guidelines and other factors deemed appropriate in making investment allocation decisions. The President of the Investment Division will conduct periodic reviews of client account performance, IPO distribution and purchase and sale journals to ensure that no client or group of clients is being systematically favored or harmed in the selection and allocation of investment opportunities, including allocation of hot initial public offerings. In addition, if a client is eligible but was not allocated a particular IPO due to the number of shares that were made available to JSMCO, then those clients will receive priority on the next IPO that JSMCO receives if the IPO is deemed by JSMCO to be suitable.

When appropriate, JSMCO may aggregate client trades. Each client participating in an aggregated trade will receive the average price and a pro-rata amount of each security regardless of whether or not the order is completely filled (subject to a minimum threshold of shares or dollar amount). Not all client accounts will necessarily participate in aggregated trades.

Review of Accounts

Accounts are reviewed on a daily basis by the President of the Investment Division, when triggered by market changes, changes in client needs and/or activity in or potential trading for an account. All accounts are thoroughly reviewed by the President of the Investment Division and the account executives on a monthly basis. Reviewers include: Gary Levenstein, Director & President of the Investment Division (Investment Advisor) handles research, review of investment products, market conditions and trading for all accounts, and making sure each conforms to its individual objectives and is account executive for 79 accounts. Tim Bodner, Account Manager, is the executive for 24 accounts. Richard Mandel, Account Manager, is the account executive for 37 accounts. Susan Ollweiler, Account Manager, is the executive for 34 accounts. Jeremy Stahl, Account Manager, is the executive for 19 accounts. In addition to meeting monthly, the account executives and account managers meet with the President of the Investment Department whenever necessary to confer on trading decisions and to establish client objectives.

Clients receive a statement of assets quarterly. In addition, clients receive a monthly statement from their custodian bank.

Client Referrals and Other Compensation

JSMCO does not receive any economic benefit from any non-client in connection with giving advice to clients or for client referrals. JSMCO does not compensate any third parties in exchange for client referrals.

Custody

All client assets are held in custody by a qualified custodian; however JSMCO may have access to client accounts since it serves as the General Partner of certain partnerships. General partners of the Partnerships receive statements from the custodian.

Investment Discretion

JSMCO manages client accounts on a discretionary basis. JSMCO's discretionary authority is outlined in its investment management agreements. Clients may place reasonable restrictions on the management of their accounts, such as a prohibition on purchasing securities issued by tobacco, alcohol, or defense companies.

Voting Client Securities

It is the policy of JSMCO to vote client proxies in the interest of maximizing Shareholder Value. To that end, JSMCO will vote in a way that it believes, consistent with its fiduciary duty, will cause the value of the issue to increase the most or decline the least. Due to the fact the JSMCO receives proxies that are for the total number of shares that all clients are invested in, JSMCO generally votes in the direction of the issuer's director and manager recommendations. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

Any general or specific proxy voting guidelines provided by an advisory client or its designated agent in writing will supersede this policy. Clients may wish to have their proxies voted by an independent third

party or other named fiduciary or agent, at the client's cost. Any client wishing to vote on a Proxy issue must instruct JSMCO and we will forward the appropriate proxies to their attention. JSMCO's proxy voting policy is available upon request to clients and prospective clients.

Financial Information

JSMCO has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

Class Action Litigations

Periodically we receive class action litigation paperwork from our custodian banks. Prior to any forms being completed, we review the proposed plan of allocation to make sure our clients are entitled to a settlement. If they are, the forms are completed and backup documentation is attached. All claims are completed with our address and signed on behalf of our clients by the Investment Advisor. Settlement checks come directly to our office and are deposited into the clients investment account.

For those persons who held shares during the class period but are no longer clients, they are provided with the forms and JSMCO trading documentation for them to complete and file on their own, if they wish.