



Form ADV Part 2A: Firm Brochure

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Lafitte Capital Management, LP

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Lafitte Capital Management, LP is an investment advisor currently registered with the Texas State Securities Board, with a pending application for federal registration with the SEC. Registration with the Texas State Securities Board does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Lafitte Capital Management, LP. If you have any questions about the contents of this brochure, please contact us at 512-478-1271 and/or bregan@lafittecapital.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 Lafitte Capital Management, LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Part 2A of Lafitte Capital Management, LP's Form ADV was last updated April 28, 2014. Since our previous update to our Part 2A of Form ADV, David Emmel has been named our Chief Compliance Officer. We recommend that you read this Part 2A of Form ADV in its entirety.

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1. ADVISORY BUSINESS

Advisory Firm Description

Lafitte Capital Management, LP has been in business since March 2005, and is an advisory services firm specializing in investment management for hedge funds and managed accounts. Bryant J. Regan is the principal owner.

In providing our services, we seek to achieve capital appreciation through long and short investments in predominantly U.S. equities with a general emphasis on consumer, gaming, energy, financial and industrial sectors, as well as other equity market opportunities.

For more information on the investment strategy of our clients, please see the section titled "Method of Analysis, Investment Strategy and Risk of Loss" below for more information.

Our firm tailors our advisory services in accordance with each client's needs and investment strategy, including any restrictions on certain securities or types of securities that our clients may impose, as disclosed in its offering document or managed account agreement. We negotiate managed accounts on a case-by-case basis.

Client Assets Under Management

As of December 31, 2013, Lafitte had \$255,421,955 of discretionary assets under management. We do not manage assets on a non-discretionary basis.

2. FEES AND COMPENSATION

Fees

We generally charge each of our clients a quarterly asset-based fee, payable in advance, at the annual rate of 1.5% of the value of each investor's capital account balance on the first day of each quarter. If we accept investments after the commencement of a calendar quarter, we charge these investors a pro-rated management fee reflecting the time remaining in the quarter.

We may also charge an annual performance allocation or fee to our clients in an amount up to 20% of an account's net annual return for the fiscal year (taking into account the payment of the management fee). All of our performance fee arrangements are intended to comply with Rule 205-3 under the Investment Advisers Act of 1940, as amended.

The investors in our hedge fund client can generally only withdraw money on the last day of each quarter, so they are not likely to pay an asset-based fee in excess of what they owe. Managed accounts terminating their relationship with us prior to the end of a quarter will receive a refund of unearned prepaid fees based on the number of days remaining in the quarter. Our clients do not pay any performance-based compensation in advance.

We deduct all fees directly from our client accounts. Generally fees are not negotiable.

Expenses

In connection with our advisory services, our hedge fund client bears all of its own expenses. The list below details some these expenses, but does not include every possible expense our hedge fund clients may incur.

- legal;
- accounting;
- audit; and
- tax preparation expenses.

Our hedge fund client also pays for expenses related to the investment of its assets, such as:

- brokerage commissions;
- proxy related expenses;
- underwriting and private placements;
- interest payments and expenses;
- borrowing charges on securities sold short;
- custodial fees;
- investment related consulting and other professional fees (including valuation services); and
- other expenses related to the purchase, sale or transfer of assets.

In addition, our hedge fund client may incur:

- withholding taxes;
- taxes imposed on transfers;
- any governmental, regulatory, licensing, filing or registration fees in compliance with the rules of any self-regulatory organization or any federal, state or local laws;
- specific expenses for obtaining systems, research and other information used for portfolio management purposes that assist in valuations and accounting, including the costs of statistics and

pricing services, service contracts for quotation equipment and related hardware and software;

- liability insurance; and
- all costs and expenses of reporting and providing information to existing and prospective investors.

Our managed account clients pay for all of their own operating expenses. These include all expenses incurred with their account transactions, such as custodial fees, brokerage commissions, taxes and any applicable registration fees.

Please see the section titled “Brokerage Practices” below for more information.

3. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We treat all of our clients equally, trading the same issues at the same time across all accounts, unless restricted by a client. Since the fee structure for all of our clients is similar, with performance compensation paid by each client, less of a conflict exists between clients than if some accounts were charged such a fee and others not.

4. TYPES OF CLIENTS

We provide investment management services for hedge funds and managed accounts.

Our hedge fund client is exempt from registration under the Investment Company Act of 1940, as amended. We offer interests in the hedge fund to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions.

Our hedge fund client has a minimum initial subscription of \$500,000, although investments of a lesser amount may be accepted. Terms for managed accounts are negotiated on a case-by-case basis.

5. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

In managing our client accounts, we seek to achieve capital appreciation through long and short investments in predominantly U.S. equities with a generalist approach. We generally invest in emerging growth and small to mid-capitalization companies with market values ranging from \$40 million to \$6 billion.

This objective involves the application of a flexible and opportunistic approach incorporating both growth and value strategies in order to seek superior capital appreciation. Analysis is comprised of a bottom-up approach, reviewing individual investment opportunities through the lens of fundamentals and extensive research.

We only seek accredited or qualified individuals or entities for investment in our clients. Please contact us for further information regarding the specifics of these offerings. This document is not a public offer for investment in our hedge fund client.

The investment strategies we use to implement our investment advice for our clients include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Short Sales
- Margin transactions

We do not guarantee the future performance of any of our clients, or any specific level of performance, or the performance of any investment decision or strategy that we may employ.

Despite our thorough research and analysis and comprehensive investment strategies, investing in any security involves a risk of loss that our clients and investors in our clients must be prepared to bear. Please see below for a detailed explanation of some of the significant risks associated with the investment strategies we employ.

- **Investment Judgment and Market Risk:** The success of our investment program depends, in large part, on correctly evaluating future price movements of potential investments. We cannot guarantee that we will be able to accurately predict these price movements and that our investment programs will be successful.
- **Investment and Trading Risk:** Investments in securities and other financial instruments involve a degree of risk that the entire investment may be lost. The use of short sales can, in certain circumstances, substantially increase the impact of unfavorable price movements of our clients' investments. Also, changes in the general level of interest rates may negatively affect our clients' results.
- **Dependence on our Firm.** The success of our clients is largely dependent upon our firm. There is no guarantee that our firm or the individuals employed by our firm will remain willing or able to provide advice to the clients' accounts or that trading on this advice will be profitable in the future. The performance of our firm depends upon certain key personnel. If any of these personnel become incapacitated, the performance of our clients may be adversely affected.
- **Financial Markets and Regulatory Change:** The instability in global financial markets has increased the risks associated with the investment activities and operations of hedge funds, including those resulting from a reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity

and an increased risk of bankruptcy of third parties with which we work. Market disruptions over the recent years and the increase in capital being allocated to hedge funds and other alternative investment vehicles have led to increased scrutiny and regulation over the hedge fund and asset management industry. In addition, the laws and regulations affecting business continue to evolve unpredictably. Laws and regulations applicable to our clients, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to our clients' interests.

- **Bankruptcy of Broker-Dealers.** Any cash and securities maintained at accounts at U.S. broker-dealers registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority are protected to a limited degree by the U.S. Securities Investor Protection Corporation, which will supplement payment to a broker-dealer's customers, up to \$500,000 per customer (\$250,000 for cash claims) if a broker-dealer goes bankrupt and funds are not enough to pay for the customer's claims. Therefore, our client accounts could be at risk of loss for any amounts above these limits. Assets held outside the US may be subject to different and/or diminished protection in the event of a counterparty failure located in a jurisdiction other than the US.

The following is a description of the various strategies that we utilize in advising our clients and some important risks associated with each strategy. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in our investment strategies.

- **Equity Securities:** We buy, on our clients' behalf, undervalued equity securities, seeking to profit from both security selection and thematic sector or market timing decisions. The value of these investments will generally vary with the issuer's performance and movements in the equity markets. Because of this, our clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from our expectations.
- **Small and Micro-Cap Stocks.** We may invest in small and micro-capitalization stocks on behalf of our clients. Investments in small and micro-capitalization stocks involve greater risk than is customarily associated with larger, more established companies. These companies often have sales and earnings growth rates that exceed those of large companies. These growth rates may be reflected in more rapid share price appreciation. However, smaller companies often have limited product lines, markets or financial resources, and they may be dependent upon small management teams. These securities may have limited marketability and may be subject to more abrupt or erratic movements in price than securities of larger companies or the market averages in general.

- **Short Selling:** We may sell short securities on behalf of our clients. Short selling of securities occurs when we borrow securities, promising to buy them at a later date. If the price drops, we can buy the securities at the lower price and make a profit on the difference. If the price of the securities rises, we have to buy them back at the higher price, and the investment loses money. Buying the securities can itself cause the price of the securities to rise further which would exacerbate the potential for loss.
- **Foreign Securities:** We may invest in foreign securities on behalf of our clients. Investing in foreign securities involves certain risk factors not typically associated with investing in U.S. securities, such as fluctuation between exchange rates and the costs of converting from one currency to another. In addition, there may not be much information available regarding foreign securities because foreign companies and governments may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those of the U.S. There also might be a greater risk of political, social or economic instability and the possibility that foreign taxes may be imposed on our clients' income.

We do not recommend primarily any single type of security. Our clients' generally hold a diverse range of investments, yet we still encourage our clients as well as their investors to consider all of the risk factors we have described above. Any investment can be risky and our clients and investors in our clients must be prepared to assume any potential loss.

6. DISCIPLINARY INFORMATION

There have been no disciplinary actions against our firm or Mr. Regan.

7. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We provide investment advice to Lafitte Fund I LP, a private investment fund formed as a Texas limited partnership. An affiliated entity, Lafitte Capital Partners LP, is the general partner of Lafitte Fund I LP. Both our firm and Lafitte Capital Partners LP have the same general partner, Lafitte Capital, LLC, also an affiliated entity.

8. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted a code of ethics which describes the general standards of conduct for our employees. This code of ethics focuses on three specific areas where employee conduct has the potential to adversely affect a client or an investor in a client:

- Misuse of confidential information

- Personal securities trading
- Outside business activities

Failure to uphold the code of ethics may result in disciplinary sanctions, including termination of employment. This section only represents a summary of key provisions in our code of ethics. Any client, investor in a client or prospective client or prospective investor in a client may request a copy of our code of ethics which will be provided at no cost.

The following basic principles guide all aspects of our business and represent the minimum requirements to which we expect employees to adhere:

- Clients' interests come before employees' personal interests and before our firm's interests.
- Our firm must fully disclose all material facts about conflicts of which we are aware between our firm and our employees' interests on the one hand and our clients' on the other.
- Employees must operate on our behalf and on their own behalf consistently with our disclosures and to manage the impacts of those conflicts.
- Our firm and our employees must not take inappropriate advantage of positions of trust with or responsibility to our clients.
- Our firm and our employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The code of ethics contains a policy against the use of nonpublic information in conducting business for our firm. Employees may not convey nonpublic information nor depend upon it in placing personal or client securities trades.

Personal Securities Trading

Our firm and our members, employees and affiliates have committed capital directly to our hedge fund client. Accordingly, our clients participate in trading opportunities in which our firm and/or our related persons have a financial interest (indirectly through their beneficial interest in our hedge fund client). A conflict of interest may arise if our firm and/or our related persons invest in the same securities as our clients because our firm's and/or our related persons' trades might have driven up the market prices of target securities. In order to mitigate this potential conflict of interest, we prohibit our employees from investing in domestic securities (other than money market funds, mutual funds or treasuries) which may be purchased for our clients. In addition, all personal trades for specific security types (equities, bonds, or derivatives) must be preapproved by our Chief Compliance Officer.

Additionally, to mitigate any potential conflicts of interest arising out of personal securities trading of our firm and/or our related persons, we require our employees to submit reports of personal securities trades on a quarterly basis, and their securities holdings annually. Our Chief Compliance Officer reviews these reports to ensure compliance with our firm's policies.

Outside Business Activities

We require our employees to report any outside business activities generating revenue. These outside business have the potential to present a conflict of interest with our clients. If we deem any of these activities to create a conflict of interest with our clients, we will disclose these conflicts to our clients or we will require the employee to cease such activity.

9. BROKERAGE PRACTICES

Selection of brokers

We select brokers for our clients' direct securities transactions based on a number of factors, including:

- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any).
- The operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution.
- The financial strength, integrity and stability of the broker.
- The broker's risk in positioning a block of securities.
- The quality, comprehensiveness and frequency of available research services and other services considered by us to be of value.
- The competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria.

A relative of Bryant J. Regan, the principal of our firm, is affiliated with a broker-dealer that we may use, from time to time, for execution of trades on behalf of our clients. We will execute trades through this broker-dealer only when consistent with our overall obligation to seek best execution for our clients.

Research and Other Soft-Dollar Benefits

"Soft dollars" is a term applied to commission revenue generated by brokerage trades which may then be used to pay for services provided to an investment advisor. These services must apply to benefit clients and include research and other related services.

From time to time, we may become a party to these "soft dollar" arrangements with various brokerage firms, including our prime broker. As a result of these arrangements, the cost of certain research and other services and products we use may be paid for with commissions generated by direct securities transactions for our clients. In addition to research services, brokers may offer our firm other monetary or non-monetary benefits. Section 28(e) of the United States Securities Exchange Act of 1934, as amended, provides a "safe harbor" to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities. In the event we use soft dollars, our use will fall within the safe harbor.

When engaging in direct securities transactions, we may pay brokerage commissions that are higher than another broker might have charged for the same transaction in recognition of our assessment of the value of the research and other services provided to us by the broker. However, we must believe that commission costs borne by our clients are reasonable in relation to the overall services provided. Our client that bears the cost of these commissions for a particular trade will not necessarily be the sole beneficiary of the research.

Trades we enact through our prime broker generate the soft dollars we use to pay for research and other services permitted by regulations. We enact a portion of our client trades through our prime broker, although we may use outside brokers as appropriate in exchange for investment ideas, special execution or market making purposes.

Using client transactions to obtain research and other benefits creates incentives that result in conflicts of interest between advisers and their clients. If we use client markups or markdowns to obtain research products and services, our firm receives a benefit because we do not have to pay for the research products and services. The availability of these benefits may influence us to select one broker-dealer rather than another to perform services for clients, based on our interest in receiving the products and services instead of on our clients' interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers.

The use of soft dollars to obtain research services and to pay for other costs and expenses that our firm might otherwise incur creates a conflict of interest between our firm and our clients because our clients pay for products and services that are not exclusively for their benefit and that may be primarily or exclusively for the benefit of our firm. To the extent that we acquire these products and services without expending our own resources, our use of soft dollar benefits tends to increase our profitability.

Brokerage for Client Referrals

Subject to being satisfied that we obtain best execution, we may consider referrals of investors in selecting among brokers that otherwise satisfy our selection criteria. This may create a conflict of interest between our firm and our clients, as we may have an incentive to place trades through the referring entity in exchange for access to future referrals. We manage this conflict by monitoring execution quality and ensuring that our clients pay competitive commissions.

Directed Brokerage

We negotiate managed accounts terms on a case-by-case basis, but currently, none of our clients have directed us concerning which broker/dealers should enact trades for their account.

Order Aggregation

Sometimes we decide that some or all of our clients should participate in the same investment opportunity at the same time. In these cases, we aggregate trades for our client accounts, with all participating accounts receiving the same price. Ultimately, clients can benefit when we aggregate trades because they get

volume discounts on execution costs. On the other hand, situations may occur where one client could be disadvantaged because of the investment activities we conduct for other clients.

10. REVIEW OF ACCOUNTS

We review each client account daily or more frequently if triggered by economic or market conditions. David Emmel, the Chief Compliance Officer of our firm, reviews each account to verify compliance with investment guidelines, offering memoranda restrictions and applicable regulations, in a manner consistent with the investment goals of each client account.

We provide written status and activity reports to investors in our hedge fund client monthly and quarterly. We also provide audited written financial statements annually to each of these investors in the form of Schedule K-1s. Our managed account clients receive written statements directly from their account custodian, and we provide additional statements to them as negotiated.

11. CLIENT REFERRALS AND OTHER COMPENSATION

We do not pay inside or outside parties for referring clients or investors in our clients to our firm.

12. CUSTODY

Due to our access to our hedge fund client funds and authority to deduct fees and other expenses from the hedge fund client's account, we are deemed under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, to have custody of this client's funds.

We manage this risk by:

- Requiring two signatures on large wires from the client.
- Using an outside administrator who monitors the client account on a daily basis.
- Engaging a PCAOB registered and inspected accounting firm to audit the client's financial statements annually.
- Sending each investor in the client a copy of the audited financial statements each year within 120 days of the client's fiscal year-end.

Our managed account client receives statements for its account directly from the account custodian. It is advised to review those statements carefully and compare them with those it receives from our firm. If the client finds significant discrepancies, the client should notify both us and the custodian.

13. INVESTMENT DISCRETION

Subject to any limitations contained in the offering document for our hedge fund client and the managed account agreement, we have sole discretion regarding which securities to buy or sell for each client account, the total amount of

securities to buy or sell, the broker-dealer through which we effect the securities trades and the commission rates, if any, for these transactions.

Before accepting their subscriptions for interests in our hedge fund client, we provide all potential investors with a Private Placement Memorandum that sets forth, in detail, our investment strategy and program for the hedge fund client. By completing our subscription documents to acquire an interest in our hedge fund client, investors give us complete authority to manage their investments in accordance with the Private Placement Memorandum that they each received.

Prior to providing investment advice to our managed account client, we require each client to appoint us as agent and attorney-in-fact of its portfolio. This gives us complete discretionary authority to buy and sell any investment securities and instruments in the amounts and at the prices that we determine, subject to any limitations that may be imposed in the client's managed account agreement.

14. VOTING CLIENT SECURITIES

We have the authority to vote on proxy matters for securities held in our client accounts. We have implemented policies and procedures regarding the voting of these proxies by retaining the services of Egan-Jones Proxy Services to vote proxies for our clients. Egan-Jones Proxy Services bases its recommendations on proxy voting guidelines chosen by our firm, as adjusted for company-specific information.

Upon reasonable request, we will provide (i) information regarding our proxy voting record; and (ii) a copy of our proxy voting policy and procedures of implemented by Egan-Jones Proxy Services.

15. FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair our firm's ability to continue to provide services to our clients.