
FORM ADV PART 2A BROCHURE

Capital Management Advisors Inc

Last Updated:
June 25, 2012

www.ccmcma.com

Item 1 - Cover Page

This brochure provides information about the qualifications and business practices of Capital Management Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 770-422-4606 or email compliance@ccmcma.com. The information enclosed in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any states securities authority.

Additional information about Capital Management Advisors, Inc. is also available on the SEC's website at www.advisorinfo.sec.gov. The searchable IARD number for Capital Management Advisors is 1100447.

Capital Management Advisors, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.



CAPITAL MANAGEMENT ADVISORS INC

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A Subsidiary of Consolidated Capital Management, Inc.

Item 2 - Summary of Material Changes

Amendments made on June 25, 2012

Item 4 – amended assets under management as follows:

CMA manages clients' assets on both a discretionary and non-discretionary basis. As of May 30, 2012, Capital Management Advisors manages \$84,837,778 of discretionary client dollars and \$11,629,834 of non-discretionary client dollars for a total of \$96,467,612 under management.

Item 5 – amended fee schedule tables as follows:

ETF Asset Allocation Strategy Portfolios	
Billable Portfolio Value	Annual Advisor Fee Rate
Under \$125,000	2.00%
\$125,000 - \$249,999	1.60%
\$250,000 - \$499,999	1.50%
\$500,000 - \$999,999	1.40%
\$1,000,000 and above	1.20%

Individual Security Portfolios*	
Billable Portfolio Value	Annual Advisor Fee Rate
Under \$500,000	1.75%
\$500,000 - \$999,999	1.50%
\$1,000,000 - \$1,999,999	1.25%
\$2,000,000 - \$2,999,999	1.00%
\$3,000,000 and above	0.75%

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of these changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of this brochure on June 29, 2011.

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Item 4 - Advisory Business

Capital Management Advisors, Inc. ("CMA") is a wholly owned subsidiary of Consolidated Capital Management, Inc. The principal owner of Consolidated Capital Management, Inc. (i.e. owns 25% or more) is Ted J. Propes.

CMA's principal service is investment counseling. We continuously review client portfolios in light of stated investment objectives, other assets outside the portfolio, of which we are informed, and the nature and extent of other obligations of the client. In addition, we provide specific investment advice solely on the basis of investment objectives and instructions given to us by the client.

We advise clients as to the suitability of most types of securities, including equity securities (whether listed on a securities exchange, traded over-the-counter, or closely held), corporate debt obligations, warrants, commercial paper, municipal indebtedness, investment company shares, and United States Government obligations.

CMA's clients are furnished with a quarterly summary of our appraisal of the domestic economic and investment outlook along with appropriate interim reports. In addition, we occasionally send general industry, individual company, or economic reports developed internally, or copies of speeches made by personnel of our firm to clients (and at times, other persons) whom we believe have a particular interest in the subject of this material.

All investment counsel clients retain us by entering into a written agreement for either discretionary or non-discretionary services. This contract may be terminated by either party with written notices as agreed upon. Fees will be prorated to date of termination and any unearned portion of prepaid fees will be refunded to client.

CMA does not participate in wrap fee programs.

CMA manages clients' assets on both a discretionary and non-discretionary basis. As of May 30, 2012, Capital Management Advisors manages \$84,837,778 of discretionary client dollars and \$11,629,834 of non-discretionary client dollars for a total of \$96,467,612 under management.

Item 5 - Fees and Compensation

CMA's compensation for services shall be calculated and paid in accordance with the agreed upon Schedule of Fees. The Schedule of Fees shall be applied by CMA to the fair market value of the assets of the Account as reasonably determined by CMA on the last business day of each period as specified in the Schedule or, if requested by client, to the custodian's value on the last day of each period.

CMA offers investment advisory services and collects fees based upon:

- **Percentage of assets under management.** See table below.
- **Hourly Charges**
 - Senior Advisor: \$275 per hour
 - Junior Associate: \$175 per hour
 - Staff Professional: \$125 per hour
- **Fixed Fees.** CMA may charge a fixed fee for advisory services.

The annual fee schedule, based on a percentage of assets under management, is as follows:

ETF Asset Allocation Strategy Portfolios	
Billable Portfolio Value	Annual Advisor Fee Rate
Under \$125,000	2.00%
\$125,000 - \$249,999	1.60%
\$250,000 - \$499,999	1.50%
\$500,000 - \$999,999	1.40%
\$1,000,000 and above	1.20%

Individual Security Portfolios*	
Billable Portfolio Value	Annual Advisor Fee Rate
Under \$500,000	1.75%
\$500,000 - \$999,999	1.50%
\$1,000,000 - \$1,999,999	1.25%
\$2,000,000 - \$2,999,999	1.00%
\$3,000,000 and above	0.75%

If the Investment Program utilizes common stocks as a primary component, an additional 0.20% Advisor Fee per annum may be billed if the Client's Portfolio is billed on a Percentage of Assets Under Management. (e.g. for a \$1,250,000 portfolio an Advisor Fee Rate of 1.50% per annum will be billed). Common stocks are considered a primary component of the Investment Program if they constitute greater than 20% of the planned asset allocation.

CMA charges a minimum fee of \$2,400 per year for discretionary management. All fees are negotiable. Fees may be higher than those paid to other investment advisors for similar services. Clients may incur additional management fees on assets invested in mutual funds.

The minimum portfolio value is generally set at \$100,000. Minimum annual fees may apply. CMA may, at its sole discretion, make exceptions to the foregoing or negotiate special fee arrangements where CMA deems it appropriate under the circumstances.

Investment Advisory and Management Fees are generally payable quarterly, in advance. Fees are prorated for significant cash flows into the portfolio. Whether or not a cash flow is significant is determined at the sole discretion of CMA. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

Either CMA or the client may terminate their Investment Management and Advisory Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client, and any fees due to CMA from the client will be invoiced or deducted from the client's account prior to termination.

You may terminate services obtained from CMA, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with CMA. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account, such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate

investment advisory services upon delivery of your written notice to terminate to CMA. Should you terminate advisory services, a prorated advisory fee will be refunded to you.

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

Capital Management Advisors does not have any performance-based fee arrangements. Therefore, this section is not applicable to CMA.

Item 7 - Types of Clients

Capital Management Advisors serves individuals, corporations, pension, and profit-sharing plans, trusts, and estates. With some exceptions, the minimum portfolio eligible for investment advisory services is \$100,000. Minimum annual fees may apply. Under certain circumstances and at its sole discretion, CMA may negotiate such minimums.

You are advised that performance may suffer on smaller accounts (i.e. accounts less than \$100,000) due to difficulties with investing smaller accounts and due to risk controls potentially being compromised.

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

Methods of Analysis

In accordance with the Investment Plan, Capital Management Advisors generally selects common stock, preferred stocks, corporate bonds, exchange traded funds (ETFs), mutual funds, publicly traded master limited partnerships, and other investment vehicles for client accounts.

ETFs and mutual funds are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Capital Management Advisors has developed a computerized analytics system that allows the firm to analyze equity securities. This analysis examines potential and current investments fundamentals, technicals, and growth prospects.

In making selections of individual common stocks for client portfolios, CMA may incorporate any of the following types of analysis into its decision-making process:

- **Fundamental Analysis.** This method of evaluating securities entails attempting to measure the intrinsic value of a security by examining related economic, financial, and other qualitative and quantitative factors. These factors include, without limitation, macroeconomic factors (like the overall economy and industry conditions) and company-specific factors (like financial condition and management).
- **Charting Analysis.** This metric involves gathering and processing price and volume information for a particular security. CMA's charting analysis includes, without limitation:
 - Mathematical analysis;
 - Graphing charts; and
 - Estimations of future price movements based on perceived patterns and trends.
- **Technical Analysis.** This evaluation method involves evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysis does not attempt to

measure a security's intrinsic value, but instead uses charts and other tools to identify patterns that can suggest future activity.

Investment Strategies

Capital Management Advisors' strategic approach is to invest each portfolio in accordance with the IPS that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Item 9 - Disciplinary Information

There is no reportable disciplinary information required for CMA or its associated persons that is material to your evaluation of CMA, its business, or its associated persons.

Item 10 - Other Financial Industry Activities and Affiliations

Consolidated Capital Management, Inc. is the parent company of CMA and offers business consulting and insurance services. Clients may be referred to Consolidated Capital Management, Inc.; however, they are under no obligation to participate in services offered through Consolidated Capital Management, Inc. Any services rendered by Consolidated Capital Management, Inc. may incur fees in addition to an advisory fee charged by CMA.

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

Code of Ethics and Personal Trading

Capital Management Advisors has adopted a Code of Ethics ("the Code"), a full copy of which is available to you upon request, free of charge. CMA's Code has several goals. First, the Code is designed to assist CMA in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, CMA owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires CMA's associated person to act with honesty, good faith, and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for CMA's associated persons. Under the Code's standards, CMA expects its associated persons to put the interest of its clients first, ahead of personal interests. In this regard, CMA's associated persons are not to take inappropriate advantage of their positions in relation to CMA clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time CMA's associated persons may invest in the same securities recommended to clients. Under its Code, CMA has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons and the reporting and review of such trading. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Fourth, the Code sets forth policies and procedures regarding Anti-Money Laundering, Sexual Harassment, Worksite Security, and CMA's Business Continuity Plan. The Code also requires that all associated persons

be provided with a copy of the Code, along with any subsequent amendments, and receive training relating to the code.

Participation or Interest in Client Transactions

As outlined above, CMA has adopted policies and procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended to clients. In the event of any identified potential trading conflicts of interest, CMA's goal is to place client interests first.

Consistent with the foregoing, CMA maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a CMA associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer. If associated persons trade with client accounts (e.g., in a block trade) and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with CMA's written policy.

Item 12 - Brokerage Practices

National Financial Services LLC & Fidelity Brokerage Services LLC

Capital Management Advisors has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides CMA with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist CMA in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help CMA manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom CMA may contract directly.

Capital Management Advisors is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Fidelity is providing CMA with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

TD Ameritrade

Capital Management Advisors has an arrangement with TD Ameritrade through which TD Ameritrade provides CMA with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. TD Ameritrade's institutional platform services that assist CMA in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

TD Ameritrade also offers other services intended to help CMA manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom Capital Management Advisors may contract directly.

Capital Management Advisors is independently operated and owned and is not affiliated with TD Ameritrade.

TD Ameritrade generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through TD Ameritrade or that settle into TD Ameritrade accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TD Ameritrade provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

TD Ameritrade is providing CMA with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

Aggregated Trade Policy

Wherever feasible, CMA will place block trades when buying and selling the same security for more than one account.

Orders for the same security entered on behalf of more than one client on the same day will generally be aggregated (i.e. blocked) subject to the aggregation being in the best interest of all participating clients. CMA may begin trading in a security before CMA has completed client allocations in order to take maximum advantage of the time available during the day to trade in order to have as little impact on the market as practicable. Subsequent orders for the same security entered during the same trading day after the final allocation has been sent to the broker will not be aggregated with the original block trade. One exception is that subsequent order may be aggregated with filled order if the market price for the security has not materially changed. All clients participating in each aggregated order shall receive the average price and pay their own commissions (some brokerage firms offer lower commissions for larger accounts or with certain document delivery methods). If the entire order is filled, clients shall receive their portion of the allocation specified on the trade ticket. All allocations shall be made prior to the trade settling and generally before the close of business on the day which the trades were executed.

In the event an order is "partially filled", the allocation shall be made in the best interest of all the clients in the order, taking into account all relevant factors, including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations.

Item 13 - Review of Accounts

Capital Management Advisors frequently reviews client accounts based on each client's individual financial situation, specific client agreements, and investment policy statements. All managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by CMA. Also, portfolios are reviewed upon client request or upon receipt of information material to the management of a client portfolio, such as a change in a client's individual situation. All reviews are performed by a minimum of two portfolio managers of CMA.

You are advised that you must notify CMA promptly of any changes to your financial goals, objectives or financial situation as such changes may require a review of your portfolio allocation and make recommendations for changes.

Account custodians (i.e. Fidelity Investments) are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity and year-end tax statements, such as 1099 forms. Additional reports from CMA may be provided by CMA at the request of individual clients. Should there be any discrepancy, the account custodian's report will prevail.

Item 14 - Client Referrals and Other Compensation

From time to time, Capital Management Advisors may enter into arrangements with third parties ("Solicitors") to identify and refer potential clients to CMA for investment advisory services. Consistent with legal requirements under the Investment Advisers Act of 1940, as amended, CMA enters into written agreements with Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to prospective clients before they enter into an agreement with CMA. Solicitors are not permitted to offer clients any investment advice on behalf of CMA. A referred client's advisory fee will not be increased as a result of compensation being shared with a Solicitor.

Item 15 - Custody

Fidelity Investments is the custodian of the majority of accounts under the management of Capital Management Advisors. From time to time however, you may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide you with confirmations of trading activity, tax forms, and at least quarterly account statements. You are advised to review this information carefully and in a timely fashion, and to notify CMA of any questions or concerns. You are also asked to promptly notify CMA if the custodian fails to provide statements on each account held.

From time to time, in accordance with CMA's Investment Advisory and Management Agreement with you, CMA may provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times, there may be small differences due to the timing of dividend reporting and pending trades.

With the exception of the deduction of CMA's advisory fees from your account(s), CMA does not take custody of your funds or securities.

Item 16 - Investment Discretion

You may grant CMA authorization to manage your account on a discretionary basis. You will grant such authority to CMA by execution of the Investment Advisory and Management Agreement.

Additionally, you are advised that:

1. You may set parameters with respect to trading restrictions and limitations;
2. Your written consent is required to establish any brokerage account; and
3. With the exception of deduction of CMA's advisory fees from the account, CMA will not have the ability to withdraw your funds or securities from the account without your expressed consent.

Item 17 - Voting Client Securities

As a policy and in accordance with Capital Management Advisors' Investment Advisory and Management Agreement, CMA does not vote proxies related to securities held in client accounts. The custodian (i.e. Fidelity Investments) sends proxy materials directly to the client. Clients may contact CMA with questions relating to proxy procedures and proposals; however, CMA generally does not research particular proxy proposals.

Item 18 - Financial Information

Capital Management Advisors will not require you to prepay any fee in advance for more than six months.

Item 19 - Requirements for State Registered Advisers

This section is not applicable to CMA. CMA is not state registered. CMA is registered with the United States Securities and Exchange Commission.