

Part 2A of Form ADV

Item 1 Cover Page

February 15, 2012

This brochure provides information about the qualifications and business practices of Private Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (415) 464-9700 and/or jramos@pcmria.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Private Capital Management, Inc., also is available on the SEC's website at www.adviserinfo.sec.gov.

Our Name and Address:

Private Capital Management, Inc.
900 Larkspur Landing Circle, Suite 240
Larkspur, CA, 94939

Our Contact Information:

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Item 2 Material Changes

This item describes any material changes to our brochure we must tell you about.

This disclosure brochure document replaces the old Form ADV, Part 2/Schedule F, and is a new SEC-required form. This form has much the same or similar information as the prior Form ADV Part 2 that was given to all clients, except it is now in what the SEC believes will be a more user friendly paragraph style presentation. If you have questions about any of the information, please contact us.

In addition to the changes since the old Part 2/Schedule F document there are new material changes to the following sections of this document since our last annual updated filing: Items 2, 4, 5, 6, 10, 12, 13, 14 and 19. We are discussing only material changes since the last annual update of this brochure dated 04/04/11. Most of these material changes are due to our elimination of potential commissions from the sale of securities products; thus, we have removed all conflicts of interest as they relate to securities and to broker/dealers.

Item 3 Table of Contents

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Item 4 Advisory Business

This item gives you information about our advisory business.

We (Private Capital Management, Inc.) are an SEC Registered Investment Adviser (RIA) and are “notice filed” with the State of California Department of Corporations.

We began business as an investment advisor in May, 2002. Mr. Ramos began as a sole proprietor Investment Advisor in October, 1998, then in May, 2002 created this corporate investment advisor and moved all his clients to this new registered entity. In general, we give advice concerning the following types of investments: Stocks and bonds listed on an exchange or traded over-the counter, municipal bonds, foreign securities, warrants and corporate bonds, commercial paper, variable/fixed life & annuity contracts, US government securities, options contracts on securities, private placements investing in real estate and oil and gas interests, hedge funds, certificates of deposit, and mutual funds,

We and, under our supervision, our Investment Advisor Affiliates, also commonly called Investment Advisor Representatives, may provide investment supervisory services to you and other clients. We were managing 188 discretionary client accounts with \$55,535,596 in assets as of September 30, 2011. We were managing 64 non discretionary client accounts with \$52,913,531 in assets as of September 30, 2011. We utilize the clearing and custody services of various clearing brokers.

These investment advisory services are provided on a discretionary basis. However, we follow a strict investment advisory discipline in establishing investment strategy and portfolio diversification guidelines that are consistent with your risk and return objectives. We will assist you in determining, among other things, your suitability for our investment advisory services by identifying your investment objectives, investment time horizons, and investment risk tolerances. Through our own analysis, research, investment style, strategy, ongoing management philosophy and asset allocation modeling, we will advise you as to which securities to purchase and or sell. In determining allocation strategies we profile your return objectives, investment constraints, tax position, and risk tolerances.

We may also give you investment advice without providing on-going management or supervisory services. This may include, but would not be restricted to, consultation on asset allocation modeling, performing a portfolio appraisal and analysis, or preparing an historical performance analysis.

Upon your authorization, we or our Investment Advisor Affiliates may purchase or sell for you, among other things, no-load and load-waived mutual funds.

Item 5 Fees and Compensation

This item gives you information about the fees or other compensation we may receive from you or from others in connection with or as a result of giving you investment advice.

We charge an annual management fee (“account fee”) of 1.25% of Portfolio Value. These account fees are paid quarterly, in advance, and will be pro-rated if applicable.

If we give you investment advice without providing on-going management or supervisory services, we normally charge fixed fees that are based on the extent and complexity of the project.

These fees are paid quarterly, in advance, with a \$2,500 quarterly minimum.

Under certain circumstances it may be difficult to set a fixed fee based upon the open nature of the engagement - such as expert witness testimony - and under these circumstances an hourly fee will be charged. The hourly fee currently is set at \$425 per hour. Hourly fees will require a retainer of \$5,000 in advance and will be billed monthly in arrears. We will refund any unused retainer.

The agreement may be terminated by either party effective upon receipt of written notice to the other party. If you wish to cancel the Agreement, you may do so free of penalty within 5 business days of signing and we will refund any pre-paid management fees or other fees to you.

In addition to the above fees that we may charge, other firms charge fees that help defray costs associated with trade execution. These charges may include Brokerage Fees and Expenses, Custody Fees and Expenses, various Mutual Fund fees and expenses, insurance fees and expenses, Qualified Retirement Plan fees and other costs. These transaction charges are deducted automatically by those firms and appear on your client trade confirmations that they send to you. We do not receive any part of those fees. Further information regarding charges and fees assessed are available in the appropriate product's prospectus.

(Also please see Item 12, Brokerage Practices.)

You do not have to use our advice or the brokers, insurance companies or custodians we suggest but may use other brokers to purchase products.

The minimum account size is \$1,000,000. Under certain circumstances, we may reduce that minimum.

All fees are negotiable.

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

This item discusses whether we charge any Performance-Based Fees and, if we do, the procedures we have set up to protect you.

We do not charge Performance-Based Fees. See the next paragraph for the one exception to this.

We manage the PCM Real Return Fund, LP, and if that fund meets certain performance goals, we will charge the investors in that fund a performance-based fee. This means there could be a conflict between your interests and ours if you are not one of those investors because we might have reason to favor the investors in that fund over other clients such as you. That fund is not open to new clients.

Although we would be managing accounts for both performance fee and non-performance fee clients, it is our policy to treat both types of clients equally, not favoring one over another.

Item 7 Types of Clients

This item tells you about the types of clients to whom we give investment advice.

In general we provide investment advice to individuals (including high net worth individuals), pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

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

This item discusses the way we analyze securities investments, the investment strategies we use in suggesting investments for you and the risk of loss you may run in making investments.

We may use charting and fundamental analysis or technical analysis in looking at your accounts. One of the reasons that we utilize more than one type of analysis is to reduce risks induced by utilizing only one type of analysis (see discussion of risk below).

The investment strategies we use include Long Term Purchases, (securities held at least a year), Short Term Purchases (securities sold within a year), Margin transactions and Option writing, including covered options and uncovered options. We may also suggest that you use Private Placements and Hedge Funds.

Every type of investment analysis has its drawbacks and risks (see discussion of risk above). So does each type of investment strategy. Many of the risk factors discussed below apply to the various types of analysis and strategy.

There is always SOME risk connected with investing, whether securities, whether investing in securities, certificates of deposit or in any other type of investment. There is risk of loss of principal and also risk of loss of purchasing ("buying") power. We attempt to do our best to help you reduce both risks over time. You must be prepared to accept these risks. One way to lessen risk is to diversify your investment portfolio so that when some fall in value others may rise in value, or not fall as much in value.

Our job as your investment advisor is to help you manage these risks by suggesting strategies that may reduce your exposure to excessive concentration in any sector of the investment spectrum. However, you must make the final decisions because it is your money that is involved and you best know what you want and what you can accept in the way of risk.

Below is a discussion of some types of risk that you may encounter in securities investing:

Credit risk

The issuer of a security in which you invest, either directly or through a mutual fund, may default (may be unable to pay the principal or to make interest payments, or otherwise fulfill its obligations to investors) or in some cases may decide to stop or reduce dividends.

Economic risk

The state of the nation's or the world's economy may change drastically and that may well affect your investments.

Foreign exchange risk.

If you invest in a foreign security, for example, it may go up in value, but when you sell it and attempt to turn it into cash from selling it you may find that a change in the rate for exchanging foreign funds into US dollars wipes out some or all of your profit.

Inflation Risk

Investors typically are locked into the interest rate paid on municipal bonds. If inflation should rise dramatically, the after inflation return on bonds can be negatively affected. As a result, the bond would likely lose value in the open market.

Interest rate risk.

If you are investing to realize a certain amount of income and that income stream is dependent on the investment paying a certain interest rate, changing conditions may affect that interest rate and your income from that investment. If rates in the market rise, the underlying market value of existing bonds with a lower yield can decline. If you decide to sell a bond before maturity, this could result in a loss of principal value.

Liquidity risk.

The ability to sell a bond in the open market requires a buyer. If an investment has gained value since you bought it but you can't find a buyer for it when you want to sell it, it is illiquid at that point and you may not be able to liquidate it for current intrinsic value. Some bonds, from smaller issuers in particular, may not have broad appeal to investors, potentially driving down the price in the open market.

Management risk

If you are investing in mutual fund shares and the particular mutual fund is an "actively managed fund" then there is no guarantee that the investment manager's decisions regarding investment techniques, risk analysis and other matters will produce the desired results that you are seeking.

Market risk.

In making an investment you are usually betting that the market will behave in a way that will be to your advantage. That does not often hold true over a short period of time and it sometimes does not even hold true over a long period either.

Revenue Risk

Bonds that are dependent on revenue streams from specific projects such as toll roads and bridges may rely on the ability of the project to meet revenue projections (note that many municipal bonds are backed by the taxing authority of the issuer, rather than a revenue source as outlined here).

Volatility Risk

This is the measure of uncertainty in the future price of an asset. It is a measure of price fluctuations over time represented by annualized standard deviation. If an asset has rapid dramatic price swings, volatility will be high. If asset price is consistent and rarely changes, volatility will be low.

Item 9 Disciplinary Information

This item discusses any disciplinary events that have involved this firm.

There have been no disciplinary problems involving our firm or any of our firm's personnel.

Item 10 Other Financial Industry Activities and Affiliations

This item discusses any other financial industry activities and associations of us or of our executive officers.

We may also give advice to you on matters not involving investment advisory services or securities. We may provide financial planning, estate planning, charitable planning, and similar consulting services for you if you desire financial advice that may include the analysis of your financial position, goals, objectives, and other relevant facts. Such matters may include, but are not limited to, advice regarding income and estate taxation, Non-Qualified and Qualified employee compensation planning, business continuation planning and risk management planning.

Other Associates who don't give investment advice are expert in these other areas and may spend up to one hundred (100%) percent of their time on these activities; we may spend thirty (30%) percent of our time on those activities.

Mr. Ramos has agent and/or broker relationships with many insurance companies, including but not limited to: Aegon, All American Life, American General Life, American Skandia Life, Ameritas Life, Anchor National Life, Blue Cross of California, Blue Shield of California, CNA, First Colony, Fortis, Great Western Life, Guardian, ING, John Alden, Keyport Life, Lincoln Benefit Life, Manufacturers Life, Massachusetts Casualty, Metropolitan Life, Midland Life, Nationwide Life, New York Life, North American Company, Paul Revere, Provident Life and Accident, Pacific Mutual Life, Phoenix/Home Life, Prudential, Security Life of Denver, Transamerica Occidental Life, Security- Connecticut Life, Sun Life of Canada, Unum, Western Reserve Life. Mr. Ramos uses these relationships to service past business and to help analyze the latest insurance developments and products.

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

This item refers to our Code of Ethics and how you may obtain a copy.

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions.

The Code of Ethics (the "Code") requirement was adopted by the Securities & Exchange Commission under Section 204 of the Investment Advisers Act of 1940 to set forth standards of conduct and fiduciary standards expected of advisors and their personnel. We have a strict and detailed Code of Ethics that must be adhered to by our personnel. Our Code of Ethics is summarized as follows:

- The Code was prepared with the general principal to always place the interests of clients first.
- In compliance with the Code, all Advisor Affiliates and employees are required to report their personal securities account held with any broker upon joining the firm and then annually thereafter. Affiliates are also required to provide duplicate confirmations and statements to the firm at least on a quarterly basis. Advisor Affiliates and employees are to conduct all personal securities transactions in a manner consistent with the Code and to avoid any actual or potential conflict of interest.
- We and our Advisor Affiliates must maintain confidentiality of all information concerning the identity of security holdings and financial circumstances of clients.
- In servicing clients' accounts, Advisor Affiliates must not take inappropriate advantage of their positions. For instance, in connection with the purchase or sale of a security, Advisor Affiliates may not, directly or indirectly, mislead or defraud a client regarding a security held or to be acquired by a client in any manner.
- Our Advisor Affiliates and other employees are encouraged to report any violation of the Code to the Chief Compliance Officer (or his/her designee).

We will provide you with a copy of our Code of Ethics if you request it.

We will also provide you with a copy of the Privacy Policy and the Firm Brochure of any third party sub advisor we use if you request it.

(Please also see Item 6 for a discussion of a possible conflict of interest.)

From time to time we or certain persons associated with us may buy, own or sell the same security that is bought, owned or sold by you (but not necessarily in the same manner). We may also recommend that you purchase or sell securities that we or they already hold. Any such event will only be in a security that is widely held and normally immediately marketable or redeemable such as “mutual funds” or individually listed stocks or bonds on a national exchange or on the over-the-counter market. Nevertheless, this could present a potential conflict of interest because we might consider our own interests instead of your interests.

We and persons associated with us are not allowed to sell securities from our own accounts to you; we and they are not allowed to purchase securities from you for our own accounts.

Our Investment Advisor Affiliates must meet certain Education and Business Standards as follows: They generally must have two or more of the following designations or skills – a minimum of a four-year college degree, five years related work experience, the Certified Financial Planner (CFP)*, Certified Public Accountant (CPA), Chartered Financial Analyst (CFA), or Chartered Financial Consultant (ChFC) designations or a Masters of Business Administration or law degree. In addition, our Investment Advisor Affiliates generally must be FINRA Series 7 (general securities sales) licensed and must meet all state and federal licensing registration requirements necessary to be an Investment Advisor Representative.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;

Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and

Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Certified Public Accountant (CPA) CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

Item 12 Brokerage Practices

This item discusses the way we handle brokerage activities for you and for our other clients.

We recommend brokers to handle your securities transactions based on several factors: Our evaluation of the reasonableness of their commission and other fee structure, their financial strength and their reputation in the securities industry.

You may, however, select any broker for the purposes of making purchases and sales of securities on your own behalf in implementation of investment supervisory and consulting services performed under the client agreement. You are not obligated to implement investment supervisory recommendations or utilize

Item 13 Review of Accounts

This item describes how we review your accounts and any reports you may receive.

We will be available to perform reviews on a quarter-annual basis. We will also be available for more frequent reviews should a change occur to your circumstances, goals or objectives that may warrant a review, or if you request us to do so from time to time.

Most accounts will receive detailed quarterly or annual evaluation reports describing the performance and positions in your accounts. In addition to performance reports, the executing brokers and other third party custodians will transmit to you trade confirmations and account statements showing all transactions and positions, plus all deposits and withdrawals of principal and income. The account statements are sent monthly by most custodians or at a minimum on a quarterly basis. Copies of all the aforementioned information will be forwarded by third party custodians directly to you.

Item 14 Client Referrals and Other Compensation

This item discusses any compensation we may receive for referring you to other investment advisors or any other compensation we may receive from persons other than yourself for giving you investment advice.

From time to time we may utilize the services of other investment advisors and other financial product providers. We, or related persons, may be paid a portion of any fee charged to you by such other service provider. We will provide you with a copy of such other investment advisor's Form ADV, Part 2A, Firm Brochure in every such case. You may, however, select any broker for the purposes of making purchases and sales of securities on your own behalf in implementing investment supervisory and consulting services performed under your client agreement. You are not obligated to implement investment supervisory recommendations, any particular firms or our services.

With your prior authorization we may utilize the services of third-party sub advisors to perform certain back-office duties for you and for us under our supervision.

We do not presently use anyone for referrals of clients to us; however, we reserve the right to do so in the future

Item 15 Custody

This item reveals any types of custody we may have or may accept in the future.

We do not accept custody of any client assets, with one exception: We are the general partner of the PCM Real Return Fund, LP, and as such have custody of that fund's assets. That limited partnership is closed to additional investment.

Item 16 Investment Discretion

This item discusses any types of investment discretion we may have or may accept to make securities trades for you.

We have the authority to determine, after receiving your signed Limited Power of Attorney for a brokerage account or similar third party custodial account, the securities to be bought and sold as set forth in your client agreement unless your client agreement is amended to be non-discretionary. If you select a third-party manager program you may grant the third party manager the authority to determine, without your consent, the securities to be bought or sold. For a description of the limitation of authority, please refer to the disclosure document provided by the chosen third-party manager(s).

We will suggest brokers to execute trades or maintain custody of your securities for you.

Item 17 Voting Client Securities

This item discusses our policy regarding voting proxies or other matters concerning your securities.

We do not vote client securities or proxies.

Usually the transfer agent of the company issuing the security will send proxy materials or other solicitations directly to you. In some cases, they will send those materials to your custodial broker. If you do not receive these materials directly and wish to do so, you can contact the issuer's investor services department or the custodial broker to request that information.

Item 18 Financial Information

This item shows any financial information we must provide to you.

There are no factors that require us to provide any financial information under this item.

Item 19 Requirements for State-Registered Advisors

This item discusses any types of disciplinary problems that involve us or our employees, and certain other information required by state securities authorities.

Joe Ramos is our president and Chief Compliance Officer. (Please see also Form ADV, Part 2B for Joe Ramos.)

There have been no disciplinary problems involving us or any of our personnel.

There are no other state-required items that need to be listed here.