

**ITEM 1. COVER PAGE FOR
PART 2A OF FORM ADV:
FIRM BROCHURE
DATED SEPTEMBER 2011**

**CAPITAL MANAGEMENT PARTNERS, LLC
70 SOUTH LAKE AVENUE, SUITE 1000
PASADENA, CA 91101**

FIRM CONTACT: STEVEN C. LEE, CHIEF COMPLIANCE OFFICER

This brochure provides information about the qualifications and business practices of Capital Management Partners, LLC. If you have any questions about the contents of this brochure, please contact by telephone at 626-463-7301 or email at steven.lee@cmpadvisory.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 Capital Management Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov .

Please note that the use of the term “registered investment adviser” and description of Capital Management Partners, LLC and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.

ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF FORM ADV:
FIRM BROCHURE

Capital Management Partners, LLC is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure. At this time, there are no material changes to report about our Brochure.

Since our last annual update, which was filed on 01/06/2011, we have added Portfolio Management to our services and have amended the fee schedule for our service.

Upon request, we shall furnish the entire Form ADV Part 2A - Firm Brochure to you free of charge.

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Item 4. Advisory Business

We specialize in the following types of services: asset management, financial planning and consulting, referrals to third party money managers. Our assets under management are \$42,000,000 as of September 2011.

A. Description of our advisory firm, including how long we have been in business and our principal owner(s)¹.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of California. Our firm has been in business as an investment adviser since 2010 and is owned as follows:

Steven Chun Lee – One-hundred-percent owner

B. Description of the types of advisory services we offer.

(i) Asset Management:

I. Portfolio Management:

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

II. LPL Financial Sponsored Advisory Programs:

We may provide advisory services through certain programs sponsored by LPL Financial Corporation (LPL), a registered investment adviser and broker-dealer. Below is a brief

¹ Please note that: (1) For purposes of this item, our principal owners include the *persons* we list as owning 25% or more of our firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If we are a publicly held company without a 25% shareholder, we simply need to disclose that we are publicly held. (3) If an individual or company owns 25% or more of our firm through subsidiaries, we must identify the individual or parent company and intermediate subsidiaries. If we are a state-registered adviser, on Form ADV Part 2A Page 2, we must identify all intermediate subsidiaries. If we are an SEC-registered adviser, we must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries.

description of each LPL advisory program available to Adviser. For more information regarding the LPL programs, including more information on the programs and the potential conflicts of interest presented by the programs, please see the LPL financial Form ADV II or the applicable program's client agreement. LPL serves as program sponsor, investment adviser and broker-dealer for the LPL advisory programs. Our firm and LPL may share in the account fee and other fees associated with program accounts. Associated persons of our firm may also be registered representatives of LPL.

(a) Optimum Market Portfolios Program ("OMP")

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Adviser will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Adviser will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

(b) Personal Wealth Portfolios Program ("PWP")

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Adviser will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Adviser will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

(c) Model Wealth Portfolios Program ("MWP")

MWP offers clients a professionally managed mutual fund asset allocation program. Adviser will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Adviser will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to

liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Adviser will have discretion to choose among the available models designed by LPL and outside strategists.

(d) Manager Access Select Program ("MAS")

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Adviser will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Adviser will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

(ii) Financial Planning and Consulting:

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

In accordance with CCR Section 260.235.2 we are required to furnish a written statement to our financial planning clients when a conflict of interest exists between our interests and the interests of our client. In accordance with the aforementioned Section, we disclose that:

(a) a conflict exists between our interests and the interests of our client,

(b) our client is under no obligation to act upon our recommendation, and

(c) if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through our firm.

We hereby disclose that all material conflicts of interest under CCR Section 260.238 (k) are disclosed regarding our firm, our representatives or any of our employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

(iii) Referrals to Third Party Money Managers:

We provide clients with a list of investment advisory services of third party professional portfolio management firms for the individual management of client accounts. As part of this process, we assist clients in identifying an appropriate third party money manager. We provide initial due diligence on third party money managers and ongoing reviews of their management of your account.

In order to assist clients in the selection of a third party money manager, we typically gather information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that we do not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the third party money managers to clients.

We periodically review third party money managers' reports provided to the client, but no less often than on an annual basis. Our associates contact the clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the third party money manager managing the account or sponsoring the program.

General Information on Advisory Services and Fees:

Further information regarding charges and fees assessed by a mutual fund or variable annuity are available in the appropriate prospectus.

Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Transactions in mutual fund shares (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy.

If an account is approved for trading on margin, the client will be charged margin interest on any credit extended by custodian or maintained by the client. For performance illustration purposes, the margin interest will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly performance reports. The interest charge is in addition to the annual fee charged on the account. The annual fee will not be charged on any margin debit balance, rather only on the net equity in the client accounts.

Our clients should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the account value decreases.

C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of *clients*, whether *clients* may impose restrictions on investing in certain securities or types of securities.

(i) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the following services offered by our firm: Asset Management. Additionally, we offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning and Consulting, Referrals to Third Party Money Managers.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: Asset Management. We do not manage assets through our other services.

D. Participation in *wrap fee programs*.

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

E. Disclosure of the amount of *client* assets we manage on a *discretionary basis* and the amount of *client* assets we manage on a *non-discretionary basis* as of September 2011.

We manage² \$33,000,000 on a discretionary basis and \$9,000,000 on a non discretionary basis as of September 2011.

Item 5. Fees and Compensation

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable. In accordance with CCR Section 260.238(j), our firm hereby discloses that lower fees for comparable services may be available from other sources.

A. Description of how we are compensated for our advisory services provided to you.

(i) Asset Management:

I. Portfolio Management:

Assets under management

Annual Percentage of assets charge*:

Any Assets

Up to 2.50 %

Our firm's annual fees for investment management services provided under this Agreement shall be based on the market value of assets under management and shall be billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

II. LPL Financial Sponsored Advisory Programs:

LPL Financial Sponsored Advisory Programs

Annual Percentage of assets charge*:

(a) Optimum Market Portfolios Program ("OMP")	up to 2.50%
(b) Personal Wealth Portfolios Program ("PWP")	up to 2.50%
(c) Model Wealth Portfolios Program ("MWP")	up to 2.50%
(d) Manager Access Select Program ("MAS")	up to 3.00%

Our firm's annual fees for investment management services provided under this Agreement shall be based on the market value of assets under management and shall be

² Please note that our method for computing the amount of "*client* assets we manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute "*client* assets we manage," we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our "as of" date must not be more than three months before the date we last updated our *Brochure* in response to Item 4.E of Form ADV Part 2A.

billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

(ii) Financial Planning and Consulting:

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are \$250 for financial advisors. The flat fees generally range from \$250-\$2,500.

Our firm's consulting fees are exclusive of, and in addition, to brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by our client. Our consulting services shall be completed within six (6) months of the prepayment of any consulting fees.

Our firm's consulting fee may be credited to our client's account should our client enter into a portfolio management engagement with us by executing an investment advisory agreement.

(iii) Referrals to Third Party Money Managers:

We are paid by third party money managers when we refer you to them and you decide to open a managed account. Third party money managers pay us a portion of the investment advisory fee that they charge you for managing your account. Fees paid to us by third party money manager are generally ongoing. All fees we receive from third party money managers and the written separate disclosures made to you regarding these fees comply with applicable state statutes and rules. The separate written disclosures you need to be provided with include a copy of the third party money manager's Form ADV Part 2, all relevant Brochures, a Solicitation Disclosure Statement detailing the exact fees we are paid and a copy of the third party money manager's privacy policy. The third party money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them.

B. Description of whether we deduct fees from *clients'* assets or bill *clients* for fees incurred.

(i) Asset Management:

I. Portfolio Management:

Our firm's fees are billed on a pro-rata annualized basis quarterly in based on the value of your account on the last day of the previous quarter. Fees will generally be automatically deducted from your managed account*. As part of this process, you understand and acknowledge the following:

- a) LPL Financial as your custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;

- b) You provide authorization permitting fees to be directly paid by these terms;
- c) LPL Financial calculates the advisory fees for all flat fee schedules and deducts them from your account.

*In rare cases, we will agree to directly bill clients.

II. LPL Sponsored Advisory Programs:

For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL Financial Form ADV Part II or applicable client agreement.

(ii) Financial Planning and Consulting:

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$500 when services cannot be rendered within 6 (six) months.

(iii) Referrals to third party money managers:

Third party money managers establish and maintain their own separate billing processes which we have no control over. In general, they will directly bill you and describe how this works in their separate written disclosure documents.

C. Description of any other types of fees or expenses *clients* may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Non-Wrap fee Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

D. Client's advisory fees are due quarterly in advance.

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your

letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

E. Commissionable securities sales.

We sell securities for a commission. In order to sell securities for a commission, our supervised persons are registered representatives of LPL Financial, a registered broker/dealer and member of the Financial Industry Regulatory Authority (“FINRA”). Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service (“trail”) fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our *supervised persons* an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise:
 - a) when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client;
 - b) when recommending commissionable mutual funds, explaining that “no-load” funds are available through our firm if the client wishes to become an investment advisory client.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

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

We do not charge performance fees to our clients.

Item 7. Types of Clients and Account Requirements

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Corporations, limited liability companies and/or other business types

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$100,000 for asset management services. Generally, this minimum account balance requirement is not negotiable and would be

required throughout the course of the client's relationship with our firm. In addition, LPL has minimum account values for each of its sponsored advisory programs as follow*:

- (a) Optimum Market Portfolios Program ("OMP"): A minimum account value of \$15,000 is required for OMP.
- (b) Personal Wealth Portfolios Program ("PWP"): A minimum account value of \$250,000 is required for PWP.
- (c) Model Wealth Portfolios Program ("MWP"): A minimum account value of \$100,000 is required for MWP.
- (d) Manager Access Select Program ("MAS"): A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

*All Asset Management minimum account sizes may be lower or higher in certain circumstances.

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

A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

Methods of Analysis:

- Charting;
- Fundamental;
- Technical;
- Cyclical.

Investment Strategies we use:

- 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;
- Option writing, including covered options, uncovered options or spreading strategies.

Please note:

Investing in securities involves risk of loss that *clients* should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the

stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

B. Our practices regarding cash balances in *client* accounts, including whether we invest cash balances for temporary purposes and, if so, how.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to asset management service.

Item 9. Disciplinary Information

We are required to disclose whether there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a *management person* has been *involved* in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the *management person's* favor, or was reversed, suspended or vacated, or (2) the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a *client's* or prospective *client's* evaluation of our firm or management.

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

Item 10. Other Financial Industry Activities and Affiliations

- A. Our firm or our *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. The details are as follows:

Mr. Steven Lee is a Registered Representatives with LPL. In such a capacity, he may offer securities and receive normal and customary commissions as a result of securities transactions. This presents a conflict of interest to the extent that they recommend that a client invest in a security which results in a commission being paid to them. Mr. Lee spends 30% of his time on this activity.

- B. Our firm or our *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. The details are as follows:

We have determined we have nothing to disclose in this regard.

- C. Description of any relationship or arrangement that is material to our advisory business or to our *clients*, that we or any of our *management persons* have with any *related person*³ listed below. We are required to identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how we address it.

We have determined we have nothing to disclose in this regard.

- D. If we recommend or select other investment advisers for our clients and we receive compensation directly or indirectly from those advisers, or we have other business relationships with those advisers, we are required to describe these practices and discuss the conflicts of interest these practices create and how we address them.

Please see Item 4B (iii) of this Brochure. Prior to referring clients to third party advisors, we will ensure that third party advisors are licensed or notice filed with the Department of Corporations.

³ Our **Related Persons** are any *advisory affiliates* and any *person* that is under common *control* with our firm. **Advisory Affiliate:** Our advisory affiliates are (1) all of our officers, partners, or directors (or any *person* performing similar functions); (2) all *persons* directly or indirectly *controlling* or *controlled* by us; and (3) all of our current *employees* (other than *employees* performing only clerical, administrative, support or similar functions). **Person:** A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company ("LLC"), limited liability partnership ("LLP"), sole proprietorship, or other organization.

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

- A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any *client* or prospective *client* upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts⁴. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- B. If our firm or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that our firm or a *related person* recommends to *clients*, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 11A of this Brochure.

- C. If our firm or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same

⁴ For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

securities for our firm's (or the *related person's* own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this Brochure.

Item 12. Brokerage Practices

A. Description of the factors that we consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

1. **Research and Other Soft Dollar Benefits.** If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

We receive products and services provided by LPL Financial Corporation ("LPL Financial") that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities.

Where a particular service or product that a broker or dealer is willing to provide for soft dollars, our interest in making trade allocations may differ from clients' interests in that our firm has an incentive to designate as great a portion of the cost in order to permit payment with soft dollars.

- a. **Explanation of when we use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.**

When a broker-dealer provides products or services in expectation of brokerage business, it generally suggests the level of business it would like to receive as compensation. In making our brokerage selections, we consider those suggestions as part of our evaluation of the factors described above. Actual transactional business received by a particular broker or dealer during any period may be less than the suggested level, but could also exceed that level. This may be in part because the total brokerage business generated by clients exceeds the aggregate amounts requested by all brokers and dealers from which we receive services and products, and in part because the brokers and dealers that provide such services and products may also provide superior execution and may therefore be the most appropriate broker-dealers for particular transactions regardless of whether or not they provided such services and products. In other cases, a broker or dealer may establish credits based on brokerage

commissions paid in the past, which may be used to pay, or reimburse our firm for specified expenses.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our *clients'* interest in receiving best execution.

We benefit from our relationship with LPL Financial. As discussed above, we execute a all portion of our advisory clients' brokerage transactions through LPL Financial. Because our expenses would likely increase considerably without this relationship with LPL Financial, this relationship might be considered a "soft dollar" relationship. Under Section 28(e) of the Securities and Exchange Act of 1934, an investment adviser's use of client commission dollars to acquire research and brokerage products and services is not a breach of an investment adviser's fiduciary duty to clients – even if the brokerage commissions paid are higher than the lowest available as long as (among certain other requirements) the investment adviser determines that the commissions are reasonable compensation for both the brokerage services and the research acquired.

LPL Financial may suggest a level of future business in order to continue this relationship. Our execution of securities transactions through LPL Financial may be less than the suggested level but can and often does exceed that level. This relationship may create an incentive for our firm to cause you to effect more transactions through LPL Financial than we might otherwise do in order to meet suggested levels.

- c. Causing *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

We do not recommend other brokers or dealers to execute trades and transactions for client accounts. All trades and transactions are executed through LPL Financial. Our firm's Investment Advisors are registered representatives of LPL. As a result of the individual association of the our representatives with LPL, we are generally required to utilize the brokerage/custodial services of LPL for investment advisory accounts.

- d. Disclosure of whether we use soft dollar benefits to service all of our *clients'* accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

We use soft dollar benefits to service all of our client accounts, not just those which may have paid for the benefits. Due to the time and complexity involved, we have chosen not to allocate soft dollar benefits proportionately to client accounts generating soft dollar credits.

- e. Description of the types of products and services our firm or any of our *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within our last fiscal year.

We are required to specifically describe to our clients the types of products or services that we are acquiring and to permit them to evaluate possible conflicts of interest. Our description must be more detailed for products or services that do not qualify for the safe harbor in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that we obtain various research reports and products is not specific enough.

LPL Financial also makes available to our firm other products and services that benefit us, but may not benefit our clients' accounts. These benefits may include national, regional or investment adviser specific educational events organized and/or sponsored by LPL Financial. Other potential benefits may include occasional business entertainment of personnel of our firm by LPL Financial personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Some of these products and services assist our firm in managing and administering clients' accounts. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, LPL Financial may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. LPL Financial may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. While, as a fiduciary, our firm endeavors to act in its clients' best interests, Adviser's recommendation/requirement that clients maintain their assets in accounts at LPL Financial may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by LPL Financial, which may create a potential conflict of interest.

We would have to obtain the aforementioned services and products for cash if we did not have soft dollars available to pay for them. As a result of receiving such products and services for no cost, we may have an incentive to continue to place client trades through broker-dealers that offer soft dollar arrangements. This interest conflicts with the clients' interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on the best execution policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

- f. Explanation of the procedures we used during our last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits we received.

All soft dollars arrangements must be approved in writing by our Chief Compliance Officer. A brief description of the purpose of the soft dollar arrangement outlining the benefits received by our firm and clients along with any noted concerns about increased costs to our clients and how such concerns were alleviated will be maintained on file. Our Chief Compliance Officer undertakes a review of parties which propose to pay our firm in soft dollars and analyzes a number of criteria. Our Chief Compliance Officer also annually reviews all our soft dollar relationships for appropriateness, benefits to our clients, etc.

As a fiduciary, we have an obligation to obtain "best execution" of clients' transactions under the circumstances of the particular transaction. Consequently, notwithstanding the safe harbor provided under Section 28(e), no allocation for soft dollar payments shall be made unless best execution of the transaction is reasonably expected to be obtained.

- 2) Brokerage for *Client* Referrals. If we consider, in selecting or recommending broker-dealers, whether our firm or a *related person* receives *client* referrals from a broker-dealer or third party, we are required to disclose this practice and discuss the conflicts of interest it create.

Our firm does not receive brokerage for client referrals.

- 3) Directed Brokerage.

- a. If we routinely recommend, request or require that a *client* directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their *clients* to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of *client* transactions, and that this practice may cost our *clients* more money.

We or any of our firm's related person do not have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

- b. If we permit a *client* to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost *clients* more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because

we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

We have nothing to disclose to this regard.

- B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various *client* accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to *clients* of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are effected only when we believe that to do so will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13. Review of Accounts or Financial Plans

- A. Review of *client* accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our *employees* who conduct the review.

We review accounts on at least a quarterly basis for our clients subscribing to the following services: Asset Management. Third Party Money Management clients receive at least quarterly reviews. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

- B. Review of *client* accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

- C. Description of the content and indication of the frequency of written or verbal regular reports we provide to *clients* regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to the following services: Asset Management and Third Party Money Management.

As also mentioned in Item 13A of this Brochure, financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

Item 14. Client Referrals and Other Compensation

- A. If someone who is not a *client* provides an economic benefit to our firm for providing investment advice or other advisory services to our *clients*, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

LPL:

Investment or Brokerage Discretion

We provide discretionary portfolio management services where the investment advice provided is custom tailored to meet the needs and investment objectives of each client. Accordingly, we are authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. We do not have discretionary authority over the broker or dealer to be used.

Suggestion of Brokers to Clients

We shall recommend LPL Financial. LPL is the broker-dealer and investment adviser with which our representatives are also associated. As a result of the individual association of the our representatives with LPL, we are generally required to utilize the brokerage/custodial services of LPL for investment advisory accounts. Our general policies relative to the execution of client securities brokerage transactions are as follows:

Execution of Brokerage Transactions (when applicable)

If requested, we will arrange for the execution of securities brokerage transactions for the account through broker-dealers that we reasonably believe will provide "best execution". In seeking "best execution", the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. We also take into consideration the full range of a broker-dealer's services including

execution capability, commission rates, and responsiveness. Although we will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

Over-the-Counter (OTC) securities transactions for our clients are generally effected based on two (2) separate broker-dealers: (1) a “dealer” or “principal” acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client’s account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client may also incur the transaction fee imposed by the executing broker-dealer. We do not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine or “batch” such orders to obtain “best execution”, to negotiate more favorable commission rates, to allocate fairly among the clients’ differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that we determine to aggregate client orders for the purchase or sale of securities, including securities in which our principals) and/or associated persons) may invest, we shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We shall not receive any additional compensation or remuneration as a result of the aggregation.

When referring clients to dealers, we will only refer clients to dealers registered in states where the clients reside.

Additional Compensation

We *may* receive from LPL or a mutual fund company, without cost and/or at a discount support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations.

Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

- B. If our firm or a *related person* directly or indirectly compensates any *person* who is not our *employee* for *client* referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

Item 15. Custody

- A. If we have *custody* of *client* funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) does not send account statements with respect to those funds or securities directly to our *clients*, we must disclose that we have *custody* and explain the risks that you will face because of this.

State Securities Bureaus or their equivalent generally take the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian is deemed to have custody of client funds and securities.

As such, we have adopted the following safeguarding procedures:

- (1) Our clients must provide us with written authorization permitting direct payment to us of our advisory fees from their account(s) maintained by a custodian who is independent of our firm;
 - (2) We must send a statement to our clients showing the amount of our fee, the value of your assets upon which our fee was based, and the specific manner in which our fee was calculated;
 - (3) We must disclose to you that it is your responsibility to verify the accuracy of our fee calculation, and that the custodian will not determine whether the fee is properly calculated; and
 - (4) Your account custodian must agree to send you a statement, at least quarterly, showing all disbursements from your account, including advisory fees.
- B. If we have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to our *clients*, we are required to explain that you will receive account statements from the broker-dealer, bank, or other qualified custodian and that you should carefully review those statements.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

Item 16. Investment Discretion

If we accept *discretionary authority* to manage securities accounts on behalf of *clients*, we are required to disclose this fact and describe any limitations our *clients* may place on our authority. The following procedures are followed before we assume this authority:

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Asset Management clients.

Item 17. Voting Client Securities

- A. If we have, or will accept, proxy authority to vote *client* securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

However, third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

Item 18. Financial Information

- A. If we require or solicit prepayment of more than \$500 in fees per *client*, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$500 in fees per *client*, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year.

- B. If we are a state-registered adviser and have *discretionary authority or custody* of *client* funds or securities, or we require or solicit prepayment of more than \$500 in fees per *client*, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to *clients*.

We have nothing to disclose in this regard.

- C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

If we are registering or are registered with one or more *state securities authorities*, we must respond to the following additional Item.

Item 19. Requirements for State-Registered Advisers

- A. Identification of each of our principal executive officers and *management persons*, and description of their formal educations and business backgrounds.

Steven C. Lee, CFP®

Year of Birth: 1976

Business Experience

2010 – Present, Capital Management Partners, LLC, Managing Member and Chief Compliance Officer

2010 – Present, LPL Financial, Registered Representative

2009 – 2010, Morgan Stanley Smith Barney, Financial Advisor, VP

2007 – 2010, Morgan Stanley & Co., Incorporated, Financial Advisor, VP

2004 – 2007, Banc of America Investment Services Inc, Financial Advisor, VP

2002 – 2004, WM Financial Services, Inc., Financial Consultant

2002 – 2002, Wall Street Financial Group, Financial Advisor

Education, Professional Designations, Licensing and Exams

2003 – University of California, Los Angeles, Economics

2000 – Series 7, 66

1998 – Series 6, 26

1997 – Series 63

- B. Description of any business in which we are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business.

Mr. Lee is a registered representative of LPL Financial Corporation, member FINRA/SIPC. He may accept compensation for the sale of securities or other investment products, including distribution or service (“trail”) fees from the sale of mutual funds.

A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

- C. In addition to the description of our fees in response to Item 5 of Part 2A, if our firm or a supervised person is compensated for advisory services with performance-based fees, we must explain how these fees will be calculated. Further, we must disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

We do not charge performance-based fees.

- D. If our firm or a management person has been involved in one of the events listed below, we must disclose all material facts regarding the event.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an *investment-related* business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

We have nothing to disclose in this regard.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an *investment-related* business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

We have nothing to disclose in this regard.

- E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, we must describe any relationship or arrangement that our firm or any of our *management persons* have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

We have nothing to disclose in this regard.