

DISCLOSURE DOCUMENT OF
LUCAS CAPITAL MANAGEMENT, LLC

A New Jersey Limited Liability Company registered with the Securities and Exchange
Commission as an Investment Adviser

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**NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY
STATE SECURITIES AUTHORITY HAS PASSED UPON THE ADEQUACY OR
ACCURACY OF THIS DISCLOSURE DOCUMENT. REGISTRATION AS AN
INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL
OR TRAINING.**

The Date of this Disclosure Document is

March 25, 2020

The delivery of the Disclosure Document at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Disclosure Document will supersede all other documents containing information about this advisory program.

Material Changes to Disclosure Document

Lucas Capital has been engaged in the Hedge Fund Business since 2003. The firm has closed those funds at the end of 2018 and is no longer involved in the active management of their hedge funds.

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I. Part 2A – Disclosure Items about Firm

4. **General Information about Firm.**

- (A) **Operational and Organizational Information.** Lucas Capital Management, LLC (“Firm or LCM”), a U.S. Securities and Exchange Commission (“SEC”) registered investment adviser, is one of several affiliated entities in the Lucas family of investment companies. This family of entities also includes Lucas Capital Portfolio Management (LCPM), Lucas Capital Advisory Program (LCAP), Lucas Capital Financial Planning. As stated on the cover page of this Disclosure Document, registration as an investment adviser does not imply a level of skill or training. LCM has been in business since February 16th, 1996 and has been a registered investment adviser since September 20th, 2000. Ralf Sellig and Robert Vogel are equal owners of Lucas Capital Management, LLC.
- (B) **Types of Advisory Services Offered.** Firm provides discretionary investment management services to separately managed accounts, as described herein. Advisory services include among other things, providing advice regarding asset allocation and the selection of investments. The decisions relating to the investment advice are based on analysis of the merits of the security involved and on the relevant investment guidelines and restrictions.
- (C) **Client Investment Guidelines and Parameters.** In certain instances, upon client request, Firm may tailor its advisory services to the individual needs of separately managed accounts. Clients may also impose restrictions on investing in certain securities or types of securities by specifying such restrictions in a written notice to Firm. Firm provides discretionary and/or non-discretionary investment advisory services to all fee paying clients’ accounts. In connection with managing the investments of its separate account clients, such account’s investment management agreements provide investment guidelines and parameters that provide the context within which Firm renders its investment management services, subject to such investment guidelines being approved by the relevant client.
- (D) **Client Information** LCM, to the best of its ability, will obtain from its clients a full, clear and complete understanding of its clients’ current financial situation, financial holdings, investment objectives, risk tolerance, and investment needs and wants. The client is responsible for the accuracy and adequacy of information, records, and data provided to the Firm

(E) **Wrap Fee Programs.**

LCM offers three main products for a wrap fee. They are the Lucas Capital Advisory Program (LCAP), the Lucas Capital Portfolio Management (LCPM) Program, and the Lucas Capital Financial Planning (LCFP) Program.

The main differences between the three are:

The Lucas Capital Advisory Program (LCAP) is a covenant entered into between LCM and the client in which Lucas Capital advises the client as to how the funds should be allocated between sub advisers. Lucas Capital Portfolio Management may be one of these sub advisers.

The Lucas Capital Portfolio Management (LCPM) is an agreement between LCM and the client in which the client authorizes LCM to manage the assets as LCM finds fit based on client financial information and the “Investment Objectives and Guidelines” section of the Management Contract. This program allows use of mutual funds purchased at NAV or closed end funds at the market for a portion of the account.

The Lucas Capital Financial Planning (LCFP) includes analysis of clients overall financial situation. Based review of client’s goals and preferences, focus is brought to bear where a specialist should be consulted regarding such items as wills, trust documents, and insurance – in addition to investment management. This service is generally included with the Lucas Capital Advisory Program or the Lucas Capital Portfolio Management. If a fee is negotiated or received at all, it is fully disclosed to the client.

(F) **Client Assets Under Management.** *(rounded to the nearest \$1,000)*

(i) Discretionary: \$217,502,000 as of 12/31/2019

(ii) Non-discretionary: \$1,134,000 as of 12/31/2019

5. **Fees and Compensation.**

(A) All fees are individually negotiated. Circumstances considered when negotiating fees may include, without limitation, customary market rates, specialized guidelines, and other fee arrangements with the client.

Management fees for separately managed are calculated based on an annual percentage of the value of the assets under management.

- (B) Management fees are billed quarterly as specified in the relevant investment services agreement. Management fees are billed at the beginning of the quarter.

(C) **Additional Fees.**

Clients will incur brokerage and other transaction costs. Clients should review carefully Section 12, which discusses conflicts of interest related to brokerage practices. Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. LCM will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Firm in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees, and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Firm are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

- (D) **Fees Paid in Advance.** Firm does not permit clients to pay in advance any fees beyond the current fee quarter.

- (E) No Supervised person may accept compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds unless specifically approved by the chief compliance officer. If approval is given, full disclosure is given to the client and written approval by the client must also be accepted by LCM. An example of this would be through a Private Placement, but no such occurrence has taken place in the last year.

(F) **Termination of Services.**

Either client and/or Firm may terminate the asset management agreement by providing written notice to the other party. Termination will be effective upon receipt of notification by the other party. If services are terminated within 5 business days of executing the agreement, services will be terminated without penalty. If a contract is terminated, the unearned portion of any prepaid fee will be refunded to the client.

6 Types of Clients.

LCM manages portfolio assets for individuals, pensions and profit sharing plans, trusts and estates and institutional investors. LCM generally requires new accounts to have assets of \$100,000 or greater. Related accounts may be grouped when determining if the \$100,000 minimum is met. An exception to this rule may be waived at the discretion of the firm.

7 Methods of Analysis, Investment Strategies and Risk of Loss.

LCM offers advice on exchange-listed securities, securities traded over the counter, foreign issuers, corporate debt securities, US Government securities, Municipal securities and mutual fund shares (limited). LCM's security analysis methods include fundamental and technical from sources as financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, annual reports, prospectuses and filings with the SEC and company press releases. Investment strategies used to implement any investment advice given to clients include short term and long term purchases. Investing in securities involves risk of loss that clients should be prepared to bear.

8 Disciplinary Information.

Neither Lucas Capital Management nor any supervised person has been involved in any legal or disciplinary event as it applies to the SEC and US securities law.

9 Other Financial Industry Activities and Affiliations.

LCM may recommend or select other investment advisers for our clients and receive compensation from those advisers. This compensation would not exceed the fee schedule of LCM, therefore this would not create a conflict of interest. LCM does not have any other business relationships with such advisers that create a conflict of interest.

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

Code of Ethics LCM has adopted a code of ethics pursuant to SEC Rule 204A-1. Such code of ethics is available to any client or prospective client on request. The Code of Ethics is based upon the premise that all Firm personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory service. The Code of Ethics requires all personnel to (1) comply with all applicable laws and

regulations; (2) observe all fiduciary duties and put Client interests ahead of those of Firm; (3) observe Firm's personal trading policies so as to avoid "front-running" and other conflicts of interests between Firm and its Clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by the Chief Compliance Officer Brett Flynn and that personnel who violate the Code of Ethics are subject to sanctions by the Firm, including termination at the discretion Ralf Sellig or Robert Vogel.

- 11 Participation or Interest in Client Transactions.** Firm recognizes that the personal securities transactions of its employees demand the application of a high code of ethics, and Firm requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, Firm believes that if investment goals are similar for clients and for employees of Firm, it is logical and even desirable that there be common ownership of some securities. Therefore, in order to address conflicts of interest, Firm has adopted a set of procedures, included in its Code of Ethics, with respect to transactions effected by its officers, directors and employees (hereafter, "Employees") for their personal accounts. In order to monitor compliance with its personal trading policy, LCM has adopted a daily securities transaction reporting system for all of its Employees. Additionally, all personal trades must be pre-cleared by the Chief Compliance Officer, Brett Flynn. For purposes of the policy, an Employee's "personal account" generally includes any account (a) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) or which the Employee controls, including Firm's client accounts which the Employee controls (trustee or executor) and in which the Employee or a member of his/her household has a direct or indirect beneficial interest.

Associated persons of Firm may recommend to clients the purchase or sale of investment products in which it or a related person may have some financial interest, including but not limited to, the receipt of compensation. Records will be maintained of all securities bought and sold by associated persons and related persons.

Additionally, the Code of Ethics sets forth Firm's policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that Firm and each of its Employees has to each of its clients. The Code of Ethics is circulated at least annually to all Employees, and each Employee, at least annually must certify in writing that he or she has received and followed the Code of Ethics and any amendments

thereto. Firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

- i. **Aggregation of Orders.** Transactions implemented by Firm for accounts may be effected independently or on an aggregated basis. Firm anticipates that frequently it will decide to purchase or sell the same securities for several clients at approximately the same time. Firm will aggregate orders when it believes aggregation may prove advantageous to clients. When Firm aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and execution cost and will be allocated among Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Firm aggregates client orders for the purchase or sale of securities, including securities in which its associated person(s) may invest, Firm will do so in a fair and equitable manner. It should be noted that Firm does not receive any additional compensation or remuneration as a result of aggregation.
- ii. **Allocation of Trades.** Firm may at times determine that certain securities will be suitable for acquisition by clients and by other accounts managed by Firm. If that occurs, and Firm is not able to acquire the desired aggregate amount of such securities on terms and conditions which Firm deems advisable, the Firm will endeavor in good faith to allocate the limited amount of such securities acquired among the various accounts for which Firm considers them to be suitable. Firm may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to allocations based on relative account sizes, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.
- iii. **Trade Error Policy.** On those occasions when a trade error occurs, Firm will use reasonable efforts to correct the error. For any error Lucas Capital Management or the executing broker is responsible for which cannot be corrected without a loss, Lucas

Capital Management or the executing broker will incur the loss and the client will be made whole.

- iv. **Privacy Policy.** Firm has adopted a privacy policy that explains the manner in which Firm collects, utilizes and maintains nonpublic personal information about clients, as required under federal legislation.

Collection of Information and Disclosure of Nonpublic Personal Information:

To provide clients with superior service, Firm may collect several types of nonpublic personal information about clients, including:

- Information from forms that clients may fill out, such as subscription forms, questionnaires and other information provided by clients in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications;
- Information clients may give orally;
- Information about transactions within Firm, including account balances, investments and withdrawals; and
- Information about any bank accounts clients may use for transfers to or from managed accounts.

Firm does not sell or rent client information. Firm uses this information to conduct business with its clients; to develop or enhance its products and services; to understand the financial needs of its clients so that Firm can provide such clients with quality products and superior service; and to protect and administer its clients' records, accounts and fund. Firm does not disclose nonpublic personal information about its clients to nonaffiliated third parties or to affiliated entities, except as permitted or required by law. For example, Firm may share nonpublic personal information in the following situations:

- To service providers in connection with the administration and servicing of Firm, which may include attorneys, accountants, auditors and other professionals;
- To affiliated companies in order to provide clients with ongoing personal advice and assistance with respect to the products and services clients have purchased through Firm and to introduce

clients to other products and services that may be of value to such clients;

- To respond to a subpoena or court order, judicial process or regulatory authorities;
- To protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and
- Upon consent of a client to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the client.

Protection of Information:

Firm's policy is to require that all employees, financial professionals and companies providing services on its behalf keep client information confidential.

Firm maintains safeguards that comply with federal standards to protect client information. Firm restricts access to the personal and account information of clients to those employees who need to know that information in the course of their job responsibilities. Third parties with whom Firm shares client information must agree to follow appropriate standards of security and confidentiality. Firm's privacy policy applies to both current and former clients. Firm may disclose nonpublic personal information about a former client to the same extent as for a current client.

12 Brokerage Practices.

The factors that Firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation are described herein.

(A) "Soft Dollar" Policy.

LCM no longer utilizes a Soft Dollar account.

(B) Directed Brokerage.— Although LCM is not currently involved in directed brokerage, LCM reserves the right to direct brokerage for the benefit to its clients.

(C) Best Execution For Managed Accounts- LCM attempts to negotiate the best possible commission rates with independent brokers, including Fidelity Brokerage Services, LLC and/or National Financial Services, LLC. LCM does not share commissions with such brokers and does not mark up the rates

negotiated. Commission fee schedules are fully disclosed, subject to change, and available upon request. In addition to Account Fees and transaction charges, clients may also incur certain charges imposed by third parties in connection with investments made through program accounts. The fees for the Lucas Capital Financial Planning (LCFP) are generally waived for those clients that are already participating in the other advisory programs within LCM. If additional work or outside consultants are used and the clients are to be charged, a statement with the charges will be delivered to the clients and agreed upon by all parties before any charges are incurred.

13 Review of Accounts.

- (A) LCM reviews investment advisory activities on a quarterly basis. This review includes general review for accuracy and compliance with stated manager guidelines and policies. LCM account managers review accounts for consistency and adherence to investment philosophy. Reviews may consist of analysis of trades, monthly statements, and if necessary, a discussion with clients and selected investment managers. Additional information from the selected investment managers may be requested on an as-needed basis. LCM may request a meeting with a client to discuss, in general, the adviser's performance as well as the clients continued suitability for the selected manager program.
- (B) Reports showing performance are sent to clients quarterly. In addition, realized gains/losses, interest and dividends earned are reported to clients annually by the custodian.

14 Client Referrals and Other Compensation.

Firm may use independent third party solicitors to refer clients and pay a portion of its advisory fees to such solicitors, in accordance with the Advisers Act. Except for commissions on brokerage transactions which will be paid by clients, Firm will pay and will not charge clients fees and commissions that may be payable to any such finders.

15 Custody.

Firm maintains client funds and securities at a qualified custodian. As stated above in Item 13, Review of Accounts, Firm's qualified custodian will send monthly, or at a minimum quarterly, account statements directly to clients which clients should carefully review. Clients are urged to compare statements that are received from the qualified custodian to statements received directly from Firm.

16 Investment Discretion.

Firm has discretionary investment authority over client assets that are managed by LCM as agreed to when the client completes a managed account agreement for a managed portfolio.

17 Voting Client Securities – Proxy Policy.

LCM does not vote proxies on behalf of its managed account clients. Those clients of LCM will receive proxies and other solicitations directly from the custodian. Clients are free to vote as they see fit or they may contact Lucas Capital to discuss the proxy or a particular solicitation for help, guidance, and/or advice on how to vote.

18 Financial Information.

Registrants are required to furnish a balance sheet for the most recent fiscal year if they require prepayment of more than \$1200 in fees per client six months or more in advance. This requirement is not applicable to LCM. Because LCM has discretionary authority over and/or custody of client funds or securities, LCM does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

19. Requirements for State-Registered Advisers.

Not Applicable to Registrant