

Whitener Capital Management, Inc.

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252-972-8908

whitenercapital.com

March 31, 2012

This Brochure provides information about the qualifications and business practices of Whitener Capital Management, Inc. If you have any questions about the contents of this Brochure, please contact us at 252-972-8908. 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.

Whitener Capital Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Whitener Capital Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2012 is a new document prepared according to the SEC’s new requirements and rules.

### **2011 – Material Changes**

Richard Lee Sanford, II, President/CEO is now the sole shareholder of Whitener Capital Management, Inc.

Whitener Capital Management, Inc. has a new physical address. The new address is 105 Candlewood Road, Rocky Mount, NC 27804. All other contact information has remained the same.

Currently, our Brochure may be requested by contacting Linda C. Daniels, Senior Vice President at 252-972-8908 or [linda.daniels@whitenercapital.com](mailto:linda.daniels@whitenercapital.com). Our Brochure is also available on our web site [www.whitenercapital.com](http://www.whitenercapital.com), also free of charge.

Additional information about Whitener Capital Management, Inc. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Whitener Capital Management, Inc. who are registered, or are required to be registered, as investment adviser representatives of Whitener Capital Management.

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## **Item 4 – Advisory Business**

Whitener Capital Management, Inc. [WCM] provides investment advice and money management services to individuals, corporations, employee benefit plans, trustees and other fiduciaries. Our investment philosophy focuses on quality and value in seeking preservation of capital, reduced volatility and superior long-term, risk-adjusted returns. Our conservative philosophy and well designed and disciplined investment process provides a solid framework within which we apply the expertise and judgment gained from many years of managing financial assets. We believe that investing, not speculating is fundamental to long-term success in today's financial marketplace. Whitener Capital Management was incorporated in July of 1987. The current President, Richard Lee Sanford, II is the sole shareholder. We are registered with the United States Securities and Exchange Commission (SEC) and additionally with the states of North Carolina, Virginia and Florida as Registered Investment Advisors.

WCM offers clients both a discretionary and non-discretionary platform and works with the client through monitoring and education to help them achieve their financial goals. As of December 31, 2011, WCM managed 240 discretionary accounts valued at \$28,004,000 and 367 non-discretionary accounts valued at \$86,609,000.

## **Item 5 – Fees and Compensation**

Compensation is based on a percent of assets under management, calculated quarterly in arrears. Either party may terminate the investment advisory agreement by written notice at any time. There is no termination date otherwise specified.

Market Value	Charge
For the first \$500,000	1.25%
\$500,001 - \$1,000,000	1.00%
Over \$1,000,000	.7%

All fees are subject to negotiation.

The specific manner in which fees are charged by Whitener Capital Management is established in a client's written agreement with Whitener Capital Management. Whitener Capital Management will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize Whitener Capital Management to directly debit fees from client accounts. Management fees shall [or shall not] be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any

account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Whitener Capital Management's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Whitener Capital Management's fee, and Whitener Capital Management shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Whitener Capital Management considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Whitener Capital Management does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Whitener Capital Management provides portfolio management and planning services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments and trust programs.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Whitener Capital Management, Inc. makes use of sell-side research, common financial news publications, including but not limited to "*The Wall Street Journal*", "*Barons*", "*Investor's Business Daily*", and other information sources in forming our opinions on the economy, the financial markets and individual securities. WCM manages accounts without style or asset class constraints, unless imposed by the client, and seeks optimum performance given the client's risk profile and time horizon(s). WCM does not imply or state any guarantees of performance or safety. Portfolios are managed in line with client objectives but are always subject to changing political, market, currency, economic and business risks. Investing in securities involves risk of loss that clients should be prepared to bear.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Whitener Capital Management or the integrity of Whitener Capital Management's management. Whitener Capital Management has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Whitener Capital Management, Inc. is a fee only advisory firm. WCM does not receive any outside payment from third parties. WCM does not employ dually registered representatives. WCM will refer clients to third party professionals for services that we do not render. WCM does make recommendations when an attorney or CPA is needed. Brodie Burwell is the corporate secretary of WCM and an attorney that has worked with mutual clients. Burwell does not make or receive fees for referrals. Kimberly C. Sanford, CPA is Richard Lee Sanford, II's wife. There are mutual clients but there is no exchange of fees for referrals. Whenever a referral is made, the client is given more than one option and any conflict or relationship is fully disclosed beforehand.

## **Item 11 – Code of Ethics**

Whitener Capital Management has adopted the CFA Institute's Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Whitener Capital Management must acknowledge the terms of the Code of Ethics annually, or as amended.

Whitener Capital Management anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Whitener Capital Management has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Whitener Capital Management, its affiliates and/or clients, directly or indirectly, have a position of interest. Whitener Capital Management's employees and persons associated with Whitener Capital Management are required to follow Whitener Capital Management's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Whitener Capital Management may trade for their own accounts in securities which are recommended to and/or purchased for Whitener Capital Management's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Whitener Capital Management will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing

such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Whitener Capital Management's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Whitener Capital Management and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Whitener Capital Management's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Whitener Capital Management will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Whitener Capital Management's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Linda C. Daniels.

It is Whitener Capital Management's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Whitener Capital Management will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

All of an individual's funds and securities are held in his brokerage account. When we purchase or sell securities with someone other than the custodian broker, the selection of broker is based on existing client relationships, commission discounts, quality of execution and available research

products. Our policy is to transact all business at a discount of at least 30 percent from the May 1, 1975 institutional brokerage schedule. When a customer instructs us to deviate from the policy, we require such instructions in writing. Commissions with designated and non-designated brokers are used to pay for research services and products for all clients.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients.

When a client has a broker we have not had prior business dealings with, we will suggest the names of brokers which we are familiar with. We receive no commission or other benefit from making such recommendations.

### **Item 13 – Review of Accounts**

Each account is reviewed weekly by the President or the Financial Planning Advisor that is assigned to that account. All non-discretionary customers will receive recommendations from their advisor outlining the changes that should be made in their respective accounts. Buys and/or sells are not made until the recommendation has been approved by the client. In discretionary accounts all changes are made at the time of the review. All clients or their chosen representative receive confirmations on all trades directly from the broker who executed the trade. WCM Portfolio Appraisals are prepared and sent to clients at least quarterly or more frequently if desired. Cost Basis of each security is reported as well as current market value and estimated annual income.

### **Item 14 – *Client* Referrals and Other Compensation**

Whitener Capital does not compensate anyone whether an employee, related person or client for client referrals nor provide any economic benefit such as sales awards or other prizes.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Whitener Capital Management urges them to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

Whitener Capital Management usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. This is done during the account opening process when the client signs the Investment Advisory Agreement. In all cases, however, such discretion is to be exercised in a manner consistent with the



stated investment objectives for the particular client account.

When selecting securities and determining amounts, Whitener Capital Management observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Whitener Capital Management's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to WCM in writing.

### **Item 17 – Voting *Client* Securities**

WCM will normally vote in line with management on proxy issues. WCM's aggregate holdings among client accounts normally would not amount to enough to sway corporate actions so if WCM and the WCM advisors do not agree with the management direction the advisors will recommend clients sell the position. Clients may obtain a copy of Whitener Capital Management's complete proxy voting policies and procedures upon request. Clients may also obtain information from Whitener Capital Management about how Whitener Capital Management voted any proxies on behalf of their account(s).

### **Item 18 – Financial Information**

Whitener Capital Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. WCM charges fees in arrears and does not require prepayment. WCM will not accept prepayment of fees more than six months in advance.

### **Item 19 – Requirements for State-Registered Advisers**

Since Whitener Capital Management, Inc. is a SEC Registered Investment Adviser this Item is not applicable.