

Item 1 Cover Page

# **Wilshire Quinn Capital, LLC**

**525 B Street, Suite 1500**

**San Diego, CA 92101**

**(619) 858-4720**

**[www.wilshirequinn.com](http://www.wilshirequinn.com)**

## ***Wrap Fee Program Brochure***

**June 13, 2011**

This wrap fee program brochure provides information about the qualifications and business practices of Wilshire Quinn Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (619) 858-4720. 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 Wilshire Quinn Capital, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Wilshire Quinn Capital, LLC is a registered investment advisor. Registration of an investment adviser does not imply any level of skill or training.

## Item 2 Material Changes

This Brochure includes material changes to its prior Wrap Fee Program Brochure dated February 15, 2011. The following is a summary of the material changes since the last update of the Wrap Fee Program Brochure:

1. Certain WQC investment advisors are also Associated Persons of Crossland LLC, an NFA-registered Futures Commission Merchant (see Item 9 for disclosures).

2. The Wrap Fee Program Brochure has been expanded in some areas to provide further explanations. Although these explanations, which are disclosed to and discussed with clients upon the initiation of the engagement, are not considered to be “material changes” for the purpose of this Item 2, they are summarized below for informational purposes:

a. Clients may pay higher commission rates in cases in which WQC is unable to fully negotiate the commission rate or obtain a volume discount when client transactions are combined with those of other clients and traded as a “block” (see Item 4 for disclosures).

b. WQC may from time to time compensate non-employees for incoming referrals (see Item 9 for disclosures).

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#### Item 4 Services, Fees, and Compensation

The Wilshire Quinn Capital, LLC ("WQC") Wrap Fee and Wrap Fee Incentive Program Accounts will be managed by WQC on a non-discretionary or discretionary basis. WQC will review the Wrap Assets on a regular and continuous basis and make recommendations as WQC deems appropriate. WQC will work with its clients to identify their investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement their clients' educational, home ownership and retirement funding goals and objectives etc. WQC may create a portfolio, consisting of individual stocks, bonds or other securities

In cases where the Client's account is managed on a non-discretionary basis, WQC will not implement any recommendation without the client's prior approval. WQC will act as the Client's agent to implement such recommendation in accordance with Client's instructions. The client agrees to review trade confirmations received from the client's custodian and notify WQC immediately of any errors.

WQC will direct transactions for Wrap Fee and Wrap Fee Incentive Program Accounts to such broker-dealers as they may select, unless the client gives specific directions otherwise. In directing or recommending brokerage, WQC seeks "best execution" for client accounts, which is a combination of a number of judgmental factors including price, execution quality and client needs. Recognizing the value of these judgmental factors, brokers selected or recommended may charge commissions that are higher than the lowest commissions that might otherwise be available.

WQC may execute or recommend that clients execute their securities transactions through various firms. The choice of which firm to execute trades through will be determined on the financial strength of the broker or dealer, its reputation, pricing and ability to execute trades in a timely manner. Securities transactions will be executed through various brokerage firms and their costs are exclusive of and in addition to the Registrant's fee. Also, clients may pay higher commission rates in cases in which WQC is unable to fully negotiate the commission rate or obtain a volume discount when client transactions are combined with those of other clients and traded as a "block."

Brokerage firms may be paid certain advisory fees, product management fees (on annuities and securities such as mutual funds), administrative fees and/or transaction charges for its role with respect to WQC's accounts. Clients will not charged these fees, instead WQC will be assessed any costs for executing transactions. It is important to note that the aforementioned brokerage firms do not maintain a supervisory relationship with respect to WQC or its representatives.

WQC does not maintain custody of client assets. In all managed account cases, the custodian sends quarterly statements to WQC's clients showing all disbursements for the custodian account including the amount of the advisory fees. Clients provide written authorization permitting WQC to be paid directly for their accounts held by the custodian or trustee.

#### ***Program Fees***

The annual Fee payable to WQC for its Wrap Fee Program is as follows:

#### **Client Assets Under Management Fee (as a percentage of assets) (Minimum Amount Required: \$1,000,000)**

|            |                    |
|------------|--------------------|
| Any Amount | 3.00% (negotiable) |
|------------|--------------------|

The annual base fee payable to WQC for its Wrap Fee Incentive Program is as follows:

#### **Client Assets Under Management Fee (as a percentage of assets) (Minimum Amount Required: \$1,000,000)**

|            |                    |
|------------|--------------------|
| Any Amount | 1.00% (negotiable) |
|------------|--------------------|

In addition to the above base fee, a 20% performance fee shall be charged by WQC in arrears for all profits accrued on the last day of the quarter. Such performance fee may be negotiable.

WQC hereby discloses that clients may receive the same or comparable services from other Advisers at a lower fee. WQC discloses that it may utilize various firms for the execution of securities transactions and to custody assets. In certain cases, WQC may recommend that clients execute transactions through unaffiliated broker-dealers. In any event, clients are under no obligation to act upon WQC's recommendations and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through WQC, or any unaffiliated broker-dealers.

In the event that the client terminates the Wrap Fee Incentive Program account before the end of the quarter, the client shall be billed a pro-rata 20% performance fee on assets under management for all profits accrued year to date and the base fee will be assessed pro rata. Pro-rata fees take into account what the full quarter's fees would have been less the time a client's account was not managed. Either party may terminate the agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing WQC's investment advisory agreement. The client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client. Such fees may be paid automatically out of a debit account so designated and authorized by the client.

All performance based fees will comply with CCR Section 260.234 and Rule 205-3 under the Investment Advisers Act of 1940, as applicable.

**Services Covered by the Program Fees** – The client will not incur transaction charges. The client may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the funds prospectus (i.e., fund management fees and other fund expenses), fees charged by a hedge fund manager, wire transfer fees, loan servicing fees, and other fees and taxes on brokerage accounts and securities transactions. Also, clients may be charged give up fees if certain securities are found at different custodians or broker dealers. In certain circumstances, WQC may go to different broker dealers to obtain securities at more favorable prices for the client. In such cases, WQC's clearing firm will charge non-affiliated broker dealers a give up fee, which will be payable by the client. Similarly, WQC's clearing firm could charge a managed futures program a give up fee.

**Services Not Covered by the Program Fees** – The Program Fees do not cover brokerage to the extent trades are conducted through brokers or dealers other than what WQC chooses for its client, and custody charges if clients are custodied anywhere other than the custodian in charge of the client's account. Finally, the Program Fees do not include expenses of mutual funds that may be included in the client's portfolio.

**How Fees are Charged** – Fees (non-performance based) are charged quarterly in advance based on the market value of the assets on the last day of the quarter. If management begins after the start of a quarter, Program Fees will be prorated accordingly. Clients can terminate, without penalty, WQC's Agreement within five (5) business days. Thereafter, Clients will receive, where applicable, a prorated refund of any prepaid advisory fees. Such prorated refund will be based upon actual services and termination costs incurred up to and at the time of termination of WQC's services. With respect to WQC's Wrap Incentive Program, the aforementioned 20% performance fee is calculated as follows: WQC will receive a performance fee of 20% of the net capital appreciation (i.e. capital appreciation less the base fee, capital depreciation and any accumulated net capital depreciation carry-forward from prior periods) of each client's account. The performance fee is payable only if and to the extent that the net capital appreciation of the client's account exceeds any net capital depreciation accumulated in prior quarters (as adjusted for withdrawals of capital). WQC in its discretion may waive all or any portion of the performance fee as to any client or may agree with a client to other changes to the performance fee as to such client.

In the event that the WQC fails to achieve an investment return, no performance fee would be due to WQC for the prior quarter's management of client's account. The basis from the previous quarter would

be carried over to a subsequent quarter.

**Negotiable Fees** – WQC generally requires a minimum account size of \$1,000,000 for managed accounts. This minimum account size may be negotiable in certain circumstances.

Fees may be negotiable. When negotiating fees, WQC considers a number of factors, including but not limited to the nature of the portfolio. Portfolios that include alternative investments such as managed futures programs, hedge funds, hard money loan funds, private equity funds, real estate mortgage notes, first deeds of trust, and life insurance premium financing funds may incur a higher fixed fee and lower performance fee or another combination of the two, subject to the applicable maximums as noted in the following sections. Because fees may vary, clients with existing accounts may be charged fees which do not match precisely the foregoing fee schedules or the fees paid by other clients.

**Additional Information About Program Fees** – WQC generally does not offer the services provided under the Program separately. However, clients may be able to purchase services similar to those offered under the Program from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than the Program, depending on the fees charged by such other service providers.

Item 5 Account Requirements and Types of Clients

WQC may offer its wrap fee incentive program to high-net worth clients. Such clients are qualified investors since they have a minimum net worth of \$1.5 million dollars or have placed at least \$750,000 under management with WQC.

Item 6      *Portfolio Manager Selection and Evaluation*

WQC uses industry standards to calculate portfolio manager performance; e.g., Treynor, Sharpe, and Jensen ratios. In the case of third-party managers, WQC considers such factors as the manager's track record and length of time in business.

With regard to internal portfolio managers, there are two managers at WQC, Christopher M. Garcia and Matthew E. Williams. Christopher Garcia, the Managing Partner, supervises the portfolio management activities of Matthew Williams on a daily basis via telephone and electronic communication and on a bi-weekly basis in person. However, there is no formal allocation of clients among the two portfolio managers as they both are experienced and seasoned managers.



Item 7      Client Information Provided to Portfolio Managers

Information that relates to a client's qualification as a qualified investor as well as the client's investment goals and objectives and risk tolerance is communicated to the client's portfolio manager.

Item 8      Client Contact with Portfolio Managers

There are no restrictions placed on clients' ability to contact and consult with their portfolio manager.

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of WQC or the integrity of WQC's management. WQC has no information applicable to this Item, as it has not faced any legal or disciplinary matters since its inception in 2008.

Certain WQC investment advisors are also Associated Persons of Crossland LLC, an NFA-registered Futures Commission Merchant. Crossland LLC is a member of the CBOT, CME, NYMEX, and COMEX, all designated contract markets of the CME Group. Crossland LLC is also a member of the Eurex Exchange, which is part of the Eurex Group under the Deutsche Borse Group. The Associated Person status with Crossland LLC is for the purpose of assisting clients in the potential accessing of specialized futures or commodity contracts. The Associated Persons may receive commissions from these specialized investments, which may include managed futures programs and/or futures options contracts. WQC will not receive fees for the referral of business to the Associated Persons (commonly referred to as "double dipping"), although, as noted above, the Associated Persons may receive commissions when trading these contracts. For purposes of this activity, the Associated Persons operate under the DBA name "Wilshire Quinn Capital Markets."

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

WQC and/or its representatives may buy or sell for their personal account(s) investment products identical to those recommended to clients. It is the expressed policy of WQC that neither WQC, nor its representatives may purchase or sell any individual stock or bond prior to a transaction(s) being implemented for an advisory account. This policy is meant to prevent WQC and/or its representatives from benefiting as a result of transactions placed on behalf of advisory accounts.

WQC has established the following restrictions in order to ensure its fiduciary responsibilities to clients are met:

- 1) WQCs' representatives shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by their role as an Investment Advisory Representative of WQC, unless the information is also available to the investing public on reasonable inquiry. In no case, shall WQC's representatives prefer their own interest to that of their advisory clients.<sup>(1) (2)</sup>
- 2) WQC emphasizes the unrestricted right of its clients to decline to implement any advice rendered.
- 3) WQC recognizes it must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

### **Footnotes**

<sup>(1)</sup> This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of WQC's clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with WQC's records in the manner set forth above.

<sup>(2)</sup> Open-end mutual funds and/or the investment sub-accounts which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by WQC are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited by WQC's Investment policies and procedures.

A complete copy of WQC's Code of Ethics is available upon request.

### ***Insider Trading***

In accordance with Section 204A of the Investment WQCs Act of 1940, WQC also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by WQC.

### ***Review of Accounts***

Each account portfolio will be reviewed on a quarterly basis by either Christopher M. Garcia, Managing Member, or Matthew E. Williams, Portfolio Manager. Based upon the client's individual needs, risk tolerance, and stated goals and objectives, the quarterly review is for the purpose of determining if such goals and objectives are being met. If not, a rebalancing of the portfolio may be recommended.

### ***Client Referrals***

WQC may refer clients to other Third Party Asset Managers ("TPAMs"), where one of the third party money manager investment advisory representatives will design an investment portfolio and provide ongoing corresponding investment management services on a fee-only basis for a percentage of assets, not to annually exceed 3.0% of asset under management.

The third party money managers' annual investment advisory fee shall be pro-rated and paid quarterly, in advance or arrears. The percentage (%) portion of the fee shall be based upon the market value of the assets on the last day of the previous quarter. These third party money managers may in their sole discretion, charge a lesser annual advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, type of services required, account composition, negotiations with client, etc).

WQC shall generally recommend that investment management accounts be maintained at the third party money manager's place of business or another unaffiliated service provider. Factors which WQC considers in recommending a third party money manager (or any other investment adviser or other broker-dealer/custodian) to clients include their respective financial strength, reputation, execution, pricing, reporting, research, and service. Prior to WQC referring clients to third party money managers for investment management services, the client will be required to sign a Solicitation Disclosure Statement setting forth the percentage of the client's overall advisory fee to be paid to WQC, that they understand WQC is being paid a fee to refer the client to third party money managers and whether the client's fee will be increased as a result of the solicitation fee paid to WQC.

### ***Incoming Referrals***

WQC may from time to time compensate non-employees for referrals. Pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940, WQC is required to have written agreement with such parties with respect to solicitation activities and referral fees, and clients referred pursuant to such arrangements must receive a disclosure document describing the arrangement and must provide written acknowledgement of receipt of such disclosure document. WQC compensates such parties for referrals out of management fees received on referred accounts for a specified or indefinite period of time. This does not increase the management fee incurred by the client.

### ***Additional Compensation***

WQC may receive research and execution related services from third-parties to assist WQC in managing its accounts.

These services and products would include financial publications, pricing information and other products or services. Such research and execution related services are offered to all investment advisers who utilize these firms. However, the commissions charged by these parties may be higher than those charged by a broker who does not provide the aforementioned research and execution related services.

WQC has never been the subject of a bankruptcy petition.

Item 10      Requirements for State-Registered Advisers

There are no relationships or arrangements with an issuer of securities that are not listed in Item 10 of Part 2A.