

# JJP Capital Management, Inc.

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## Form ADV, Part 2A Brochure

**Feb 15, 2019**

This brochure provides information about the qualifications and business practices of JJP Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 573-442-2763. 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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that JJP Capital Management, Inc. or any person associated with JJP Capital Management, Inc. has achieved a certain level of skill or training.

Additional information about JJP Capital Management, Inc. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the “Investment Adviser Search” link and then search for “Firm” using the firm’s CRD number, which is 105374.

## ITEM 2 - MATERIAL CHANGES

**Revised Feb 15, 2019**

The purpose of this page is to inform you of any material changes since the last annual update to this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

JJP Capital Management, Inc. reviews and updates the brochure at least annually to make sure that it is still current. We have made the following material changes since our last annual update to this brochure dated January 15, 2018:

The format of this document has changed in an effort to be compliant with current securities laws, from a 1 page document to a new 15 page document to help you the client, or prospective client, to better understand (full disclosure) our investment advisory practice. During a recent review of our operations, it was discovered that we have not disclosed several material facts related to our practice. These facts include our Firm's use of soft dollar benefits from the custodian's (Morgan Stanley and Oppenheimer), the custody of client assets, our brokerage practices, compensation, the risks involved in investing in securities and the non-assignment rights under our verbal agreement (contract) to manage your assets.

That being said, our Firm will continue to work in the best interest of our clients and in its best efforts to prudently manage your accounts. Please take some time to familiarize with this updated Brochure to more fully understand our investment advisory practice.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

JJP Capital Management, Inc. is a privately owned corporation headquartered in Columbia, Missouri. It was incorporated in the State of Missouri in 2001 and is owned by Garrard Banks, President and Christopher Pascucci, Secretary.

Mr. Garrard Banks' education, business standards, and background include three (3) college degrees from Columbia College, University of Missouri, and The Graduate School of Banking of the South. Professional examinations include the NASD exam #7 and NASD #66. Previous to his investment advisory business, he was an IA Representative for three months with Raymond James Financial and 12+ years for Union Planters Bank as a commercial and real estate loan officer. Mr. Banks has been with the firm since its establishment in 2001. (Born in Columbia, MO in 1963.)

Mr. Christopher Pascucci's education, business standards, and background include a BSBA from the University of Missouri and an MBA from William Woods University. Professional examination includes NASD #65. Previously, he has been self-employed as a real estate entrepreneur and subsequent to that he was a retail manager for Bridgestone Tire & Rubber Corp. Mr. Pascucci has been with the firm since its establishment in 2001. (Born in Galesburg, IL in 1965.)

### Advisory Services Offered

JJP Capital Management, Inc. business includes investment advice and portfolio management related to publicly traded securities. We make investment recommendations for clients based on information the client supplies about his or her financial situation, goals, and risk tolerance. Our recommendations may be limited if the client does not provide us with accurate and complete information. It is the client's responsibility to keep JJP Capital Management, Inc. informed of any changes to their investment objectives or restrictions. The majority of our clients are individual's trust and retirement accounts, but we also manage assets for a few non for profit entities. JJP Capital Management, Inc. customizes each portfolio to meet the client's objectives and risk tolerances. Our Firm utilizes individual common and preferred stocks, U.S. Treasury securities, corporate and municipal bonds as the main components in our advisory service.

Clients may also request restrictions on the accounts, such as when a client needs to keep a minimum level of cash in the account or does not want the adviser to buy or sell certain specific securities or security types in the account.

JJP Capital Management, Inc. does not participate in wrap fee programs.

As of December 31, 2018, JJP Capital Management, Inc. has \$194,093,293 of regulatory assets under management on a discretionary basis which includes related accounts. There are currently no non-discretionary accounts under management.

We describe the fees charged for investment consulting services below under ***Item 5 - Fees and Compensation.***

## **ITEM 5 - FEES AND COMPENSATION**

### **Fee Schedule and Billing Method**

Our Firm charges investment advisory fees based on assets under management at the end of each calendar year. That figure is an aggregate of all related family accounts value at that time. The fee schedule is as follows:

- Less than \$100,000 in total funds under management = 1%
- Above \$100,000 but less than \$1.5 Million in total funds under management = .75%
- Above \$1.5 million but less than \$5 million in total funds under management = .5%
- Above \$5 million in total funds under management = .25%

Fees are adjusted annually, payable quarterly after services are performed (in arrears) and are non-negotiable.

Payment of fees can be debited (per client authorization) from the client's account or can be direct billed on a quarterly basis (April, July, October, and January).

From time to time, JJP Capital Management, Inc. may provide financial consulting services to clients on an hourly basis at a rate not to exceed \$200 per hour, billed in arrears.

### **Other Fees and Expenses**

The fees described above do not include custodian or brokerage fees. Clients pay all brokerage transaction charges (typically 1.25%), stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees client pays to JJP Capital Management, Inc.

### **Termination**

JJP Capital Management, Inc. does not collect client fees in advance or require prepayment of fees and therefore, at termination of a client relationship, no fees are refunded. In addition, JJP Capital Management, Inc. does not charge a termination fee when accounts are terminated.

### **CONTRACTS**

JJP Capital Management, Inc. does not require written (verbal only) contracts between itself and the clients. In addition, no verbal (or written) contracts will be assigned without proper written consent by the client (non-assignment rights).

### **Other Compensation**

JJP Capital Management, Inc. or any of its employees, does not receive or accept compensation for the sale of securities or other investment products. It is our belief, that there would be a conflict of interest and would incentivize the employee to recommend products based on compensation received, rather than on a client's needs or best interests. Clients have the option to purchase investment products that our Firm recommends from other brokers or agents not affiliated with JJP Capital Management, Inc.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

JJP Capital Management, Inc. does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client. This would create conflicts of interest by placing our firm's profits ahead of our client's best interests. It would also encourage JJP Capital Management, Inc. to take greater risk in the client's account(s).

## **ITEM 7 - TYPES OF CLIENTS**

JJP Capital Management, Inc. offers investment advisory services to individuals, high net worth individuals, trusts and estates, and individual participants of retirement plans. In addition, we offer advisory services to pension and profit sharing plans, charitable organizations, and businesses.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis and Investment Strategies**

JJP Capital Management, Inc. general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to take. JJP Capital Management, Inc. treats each client uniquely. JJP Capital Management, Inc. meets with clients to understand their investment objectives and financial goals. The firm utilize fundamental analysis in evaluating individual securities and portfolio's in total as to their quality, risk, and asset mix. JJP Capital Management, Inc. does not try to time the market, but believes that time in the market holding a mix of high quality securities for an extended period of time is preferable.

JJP Capital Management, Inc. will recommend broker/dealer/custodian based on the client's investment objectives, financial situation, and their specific circumstance. We assist and advise the client to determine the asset allocation based on the client's investment objectives. We then implement this allocation. We provide ongoing monitoring and evaluation of the overall relationship with the client.

### **Investing Involves Risk**

Investing in securities involves risk of loss, and clients should be prepared to bear that risk. Past performance does not guarantee future returns. Like any investment strategy, investing in portfolios of stocks and bonds involves material risks. Such material risks are described in further detail below:

Investing for the long term means that a client's account will be exposed to short-term fluctuations in the market and the behavioral impulse to make trading decisions based on such short-term

market fluctuations. JJP Capital Management, Inc. does not condone short-term trading in an attempt to “time” the market, and instead coaches clients to remain committed to their financial goals. However, investing for the long term can expose clients to risks borne out of changes to interest rates, inflation, general economic conditions, market cycles, geopolitical shifts, and regulatory changes.

Investing in stocks and bonds does not guarantee a return on investment, and shareholders may lose the principal that they’ve invested into a security. The loss of principal in stocks and bonds can occur for many reasons including the risk of bankruptcy, inflation risk, sovereignty risk, secular trends and government regulations. JJP Capital Management, Inc. constantly evaluates these risks to determine a course of action to avoid unnecessary losses to client accounts.

## **ITEM 9 - DISCIPLINARY INFORMATION**

JJP Capital Management, Inc. and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. JJP Capital Management, Inc. does not have any disciplinary information to disclose about its firm or any of its related parties.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither JJP Capital Management, Inc. nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Neither JJP Capital Management, Inc. nor any of its 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. JJP Capital Management, Inc. does have relationships with Broker/Dealers (Morgan Stanley, Oppenheimer, First Bankers Bank, and Crews & Associates) who acts as broker, dealer, and/or custodian in the normal course of our business operations. Those relationships are voluntary and non-binding.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

JJP Capital Management, Inc. has adopted a code of ethics that we will be provided to any client or prospective client upon request. JJP Capital Management, Inc.’s code of ethics describes the standards of business conduct that JJP Capital Management, Inc. requires of its supervised persons, which is reflective of JJP Capital Management, Inc.’s fiduciary obligations to act in the best interests of its clients. The code of ethics also includes sections related to compliance with securities laws, reporting of personal securities transactions and holdings, reporting of violations of the code of ethics to JJP Capital Management, Inc.’s Chief Compliance Officer, pre-approval of certain investments by access persons, and the distribution of the code of ethics and any amendments to all supervised persons followed by a written acknowledgement of their receipt.

Neither JJP Capital Management, Inc. nor any of its related persons recommends to clients, or buys or sells for client accounts, securities in which JJP Capital Management, Inc. or any of its related persons have a material financial interest.

From time to time, JJP Capital Management, Inc. or its related persons will invest (buy or sell) in the same securities (or related securities) that JJP Capital Management, Inc. or a related

person recommends to clients. This has the potential to create a conflict of interest because it affords our firm or its related persons the opportunity to profit from the investment recommendations made to clients. JJP Capital Management, Inc. policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by JJP Capital Management, Inc. or its related persons if it would be to the detriment of any client and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances JJP Capital Management, Inc. will act in the best interests of its clients.

## **ITEM 12 - BROKERAGE PRACTICES**

JJP Capital Management, Inc does not maintain custody of client assets. Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Depending on the service, we require that clients use Morgan Stanley (MSSB) or Oppenheimer(OPCO) as custodian. Collectively, these two custodians are referred to as the “Custodians”). However, since the Firm has written authorization to debit advisory fees from client accounts, then the Firm does technically have custody of client assets

JJP Capital Management, Inc. is independently owned and operated and is not affiliated with the Custodians. The Custodians will hold client assets in a brokerage account and buy and sell securities when JJP Capital Management, Inc. and/or the client instruct them to. If the client does not wish to place their assets with MSSB or OPCO, then we cannot manage the client account.

### **How We Select Brokers/Custodians**

JJP Capital Management, Inc. seeks to recommend a custodian/broker that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. JJP Capital Management, Inc. considers a wide range of factors, including:

- Capability to facilitate timely transfers and payments to and from accounts.
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services.
- Competitiveness of the price of those services and willingness to negotiate the prices.
- Reputation, financial strength, and stability.
- Prior service to us and other clients.

### **Brokerage and Custody Costs**

The Custodians typically charge separate fees directly to clients, which can include fees for custody, and brokerage commissions. Nonetheless, JJP Capital Management, Inc. has determined that having the Custodian execute trades is consistent with our duty to seek “best execution” of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).



## **Research and Soft Dollar Benefits**

JJP Capital Management, Inc. receives research reports, performance reports and other miscellaneous services from the Custodians (MSSB & OPCO) in connection with client commissions in the ordinary course of business which are defined as soft dollar benefits. These benefits received by JJP Capital Management, Inc. does not require the Firm or any of its clients, to pay a minimum dollar amount of commissions annually to the custodian, nor does it create a conflict or incentive in obtaining best execution of the trades. The benefits received by JJP Capital Management, Inc. from the Custodian would be provided anyway due to the large related accounts of the principals and their families. The negotiated commissions charged by the Custodians would not be reduced if said benefits were eliminated. All benefits are therefore distributed evenly to all clients and would not be proportionate to the soft dollar credits a specific account generates. Furthermore, JJP Capital Management, Inc. and its related accounts pay the same commission rates as our clients.

Specific benefits include daily research reports provided by the Custodians (emailed every weekday), special reports on individual companies, sectors, and countries. In addition, semi-annual performance reports (June 30<sup>th</sup> / December 31) calculated by the custodian based on industry guidelines.

## **Brokerage for Client Referrals**

JJP Capital Management, Inc. does not recommend a broker/dealer, custodian, to a client based on referrals from a broker/dealer, custodian or other third parties. JJP Capital Management, Inc. does not accept monetary gifts, sports tickets, trips or other remunerations from any broker/dealer or custodian in exchange for referrals. We feel this would be a conflict of interest for our Firm or any of its related people to select a custodian based receiving client referrals or other remuneration instead of most favorable execution.

## **Directed Brokerage**

JJP Capital Management, Inc. does not permit directed brokerage from the clients. Our Firm does not permit this type of practice because it might not achieve best execution and may also result in the client paying higher commissions and fees.

## **Aggregation Of Trades (Block Trading)**

Whenever possible, JJP Capital Management, Inc. aggregates the purchase or sale of securities (block trade) in an attempt to achieve equal pricing across the board (all clients pay the same price). If done individually, client's transactions would vary and result in inequality in pricing.

# **ITEM 13 - REVIEW OF ACCOUNTS**

## **Account Reviews**

JJP Capital Management, Inc. seeks to meet client objectives by monitoring client accounts at least monthly. Either of our advisors (Mr. Banks or Mr. Pascucci) will be responsible for reviewing the portfolios. Factors that may trigger a client meeting may include a change in the client's investment objectives or financial circumstances. Clients may choose to meet in person, by telephone, or in writing. Other factors that may trigger a client meeting include, but are not limited to, material developments in market conditions, material geopolitical events, and changes to a client's personal or financial situation (the birth of a child, preparing for a home purchase, plans to

attend higher education, a job transition, impending retirement, death or disability among family members, etc.)

## **Account Reporting**

Each client receives a written statement from the custodian (typically monthly). The written statement includes an accounting of all holdings and transactions in the account for the reporting period. Custodians would also be responsible for providing clients with trade confirmations when securities are bought or sold within a client's account.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

JJP Capital Management, Inc. does not compensate our employees or related persons for client referrals. JJP Capital Management, Inc. does not compensate unrelated persons or firms for referrals of clients. In the ordinary course of business, JJP Capital Management, Inc. may make referrals to other professionals (banks, law firms, accounting firms) based on the client's needs but will not accept monetary remuneration, economic benefit or client referrals back to our firm. We feel this would be a conflict of interest and would not be in the client's best interest.

## **ITEM 15 - CUSTODY**

JJP Capital Management, Inc. does not act as the qualified custodian for any client. The accounts are maintained in the name of the client and assigned to one of our designated custodians (MSSB & OPCO) in separately managed accounts. The custodian, typically monthly, but at least quarterly, sends account statements directly to the client and duplicates to our Firm. Client's should carefully review those statements promptly and contact JJP Capital Management, Inc. or the designated custodians for additional clarification. However, since our Firm calculates the advisory fee which you (may) authorize to be debited from MSSB or OPCO, we technically are deemed to have custody of your funds.

## **ITEM 16 - INVESTMENT DISCRETION**

JJP Capital Management, Inc. requires discretionary trading authority on all client accounts. Our firm will not attempt to manage client assets without discretionary authority. A client may restrict the purchase or sale of certain companies or industries on our firm. But, JJP Capital Management, Inc. cannot contact each and every client before making trades within their accounts. This would create inefficiencies and bottlenecks that would impede our management. JJP Capital Management, Inc. will not assume or be deemed to have discretionary authority until after client executes (signs) discretionary power of attorney. Upon the death of the client(s), discretionary authority will cease until the beneficiary, successor trustee or other legal agent executes a new discretionary trading authorization.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Voting

JJP Capital Management, Inc. does not have (or accept) the authority to vote client securities. However, clients may call us if they have questions about a particular solicitation. Our firm will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

## ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition if it accepts pre-payment of investment advisory fees. Since JJP Capital Management, Inc. does not require the prepayment of fees, disclosure of our firm's financial information is not applicable. Fees are charged in arrears, and only after services are performed. There are no written (verbal only) contracts or termination fees. These verbal contracts have a non-assignment clause meaning that JJP Capital Management, Inc. cannot assign or reassign the management of your accounts to another advisor without prior written consent by you (the client).

## **Garrard Banks**

### Item 1 – Cover Page

## **JJP Capital Management, Inc.**

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573-442-2763

[jjpcapitalmanagemnt@gmail.com](mailto:jjpcapitalmanagemnt@gmail.com)

June 1, 2018

This brochure supplement provides information about Garrard Banks that supplements the JJP Capital Management, Inc.'s brochure. You should have already received a copy of that brochure. Please contact Garrard Banks at 573-442-2763 if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about Garrard Banks is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Garrard Banks**

### **ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

**Garrard Banks** , President, Chief Compliance Officer, born 1963

*Education:*

Graduate, The graduate School of Banking of the South, 1991

BSBA, University of Missouri-Columbia, 1985

Associates in Arts, Columbia College 1993

*Business Background:*

1/17 - Present: President, JJP Capital Management, Inc.

4/01 – 12/16 – Secretary JJP Capital Management, Inc.

1/99 – 4/01 - Owner, Garry Banks Investment Management

10/98 – 12/98 – Registered Representative, Raymond James Financial

6/85 – 9/98 – Vice President, Union Planters Corporation

More information regarding enrolled agents is available at <http://www.irs.gov>.

### **ITEM 3 - DISCIPLINARY INFORMATION**

Mr. Banks has no disciplinary history to disclose.

### **ITEM 4 - OTHER BUSINESS ACTIVITIES**

Mr. Banks has no other business activities.

### **ITEM 5 - ADDITIONAL COMPENSATION**

Mr. Banks receives no additional compensation or economic benefits from non-clients.

### **ITEM 6 - SUPERVISION**

Mr. Banks is the President and Chief Compliance Officer of JJP Capital Management, Inc. and supervises all employees.

Christopher Pascucci

Item 1 – Cover Page

## **JJP Capital Management, Inc.**

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June 1, 2018

This brochure supplement provides information about Bart Brewer that supplements Global Financial Advisory Services, Inc.'s brochure. You should have already received a copy of that brochure. Please contact David S. Garelick at 661-286-0044 if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about Bart Brewer is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Christopher Pascucci**

### **ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

#### *Education:*

Master of Business Administration, William Woods University, 1998

Bachelor of Science, University of Missouri-Columbia, 1988

#### *Business Background:*

4/01 – Present – Treasurer, JJP Capital Management, Inc.

6/95 – 4/01 - Self Employed, Real Estate Investor

4/89 – 5/95 – Manager, Bridgestone Tire and Rubber Company

### **ITEM 3 - DISCIPLINARY INFORMATION**

Mr. Pascucci has no disciplinary history to disclose.

### **ITEM 4 - OTHER BUSINESS ACTIVITIES**

Mr. Pascucci has no other business activities.

### **ITEM 5 - ADDITIONAL COMPENSATION**

Mr. Pascucci receives no additional compensation or economic benefits from non-clients.

### **ITEM 6 - SUPERVISION**

Mr. Pascucci is supervised and monitored by Garrard Banks, President & Chief Compliance Officer of JJP Capital Management, Inc. pursuant to its written policies, procedures, and code of ethics. Mr. Banks can be reached at the number listed on the cover page of this Brochure Supplement.