

Part 2A of Form ADV: Firm Brochure

Form ADV, Part 2A, Item 1

**Cover Page**

**Blue Capital, Inc.**

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**FORM ADV PART 2  
FIRM BROCHURE**

This brochure provides information about the qualifications and business practices of Blue Capital, Inc. If you have any questions about the contents of this brochure, please contact us at (402) 932-0131. 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 Blue Capital, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Blue Capital, Inc. is 304083.

Blue Capital, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## ***Material Changes***

Blue Capital, Inc. was established as a new Registered Investment Advisor in September 2019 under the State of Nebraska rules and regulations. In June of 2021 the firm became registered with the Securities and Exchange Commission (“SEC”).

The material changes in this brochure from the last annual updating amendment of Blue Capital, Inc. on 03/25/2021 are described below. Material changes relate to Blue Capital, Inc.’s policies, practices or conflicts of interests.

- Registration with the Securities and Exchange Commission (“SEC”) was submitted in April 2021.

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## ***Advisory Business***

Blue Capital, Inc. (hereinafter called "BCI") is a Registered Investment Adviser based in Omaha, Nebraska, and incorporated under the laws of the State of Nebraska. BCI is owned by Jay Molina and Mike Herek. BCI is registered with the SEC and subject to the rules and regulations of the US Advisers Act.. Founded in September 2019, BCI provides investment advisory services, which may include, but are not limited to, the review of client investment objectives and goals, recommending asset allocation strategies of managed assets among investment products such as cash, stocks, mutual funds and bonds, annuities, and/or preparing written investment strategies. Our investment advice is tailored to meet our clients' needs and investment objectives. Clients may impose restrictions on investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.) by providing a signed and dated written notification, of which an e-mail is also an acceptable form of notification. BCI also provides financial planning consulting services including, but not limited to, risk assessment/management, investment planning, estate planning, financial organization, or financial decision making/negotiation.

BCI provides investment advisory and other financial services through its Investment Advisory Representatives ("IAR") to accounts opened with BCI. Managed Accounts are available to individuals.

BCI provides discretionary and non-discretionary investment advisory services to some of its clients through various managed account programs. BCI will assist clients in determining the suitability of the Managed Account Programs for the client. The IAR is compensated through a comprehensive single fee and the account may be assessed other charges associated with conducting a brokerage business. BCI and its IAR, as appropriate, will be responsible for the following:

- Performing due diligence
- Recommending strategic asset and style allocations
- Providing research on investment product options, as needed
- Providing client risk profile questionnaire
- Obtaining investment advisory contract from client with required financial, risk tolerance, suitability and investment vehicle selection information for each new account
- Performing client suitability check on account documentation, review the investment objectives and evaluate the investment vehicle selections
- Providing Firm Brochure (this document)

BCI does not participate in a wrap fee program.

### *Assets Under Management*

The firm currently manages \$ 133,324,633.00 discretionary client assets and \$ 0.00 non-discretionary client assets as of December 31, 2021.

## ***Fees and Compensation***

The following types of fees will be assessed:

**Asset Management** – Fees are charged in arrears and are based primarily on asset size and the level of complexity of the services provided. In individual cases, BCI has the sole discretion to negotiate fees that are lower than the standard fee shown or to waive fees. Fees are not based on the share of capital gains or capital appreciation of the funds or any portion of the funds. Comparable services for lower fees may be available from other sources. Fees for the initial month will be prorated based upon the number of calendar days in the calendar month that the advisory agreement is in effect. Fees are based on the average daily balance for the prior month. Annual fees range from 1.00% - 1.50%, depending on the amount of assets under management (“AUM”) – See chart below. Consulting services are included in these fees for asset management services with the exception of unique circumstances that may require a separate agreement for financial planning services (description and fees are discussed below). If the situation warrants separate financial planning fees, it will be discussed upfront and a separate agreement will be negotiated.

Fee Schedule for Asset Management:

Total Account Value	Maximum Annual Advisory Fee
Up to \$1,000,000	1.50%
\$1,000,001 - \$2,000,000	1.40%
\$2,000,001 – \$5,000,000	1.30%
\$5,000,001 - \$10,000,000	1.20%
\$10,000,001 or more	1.00%

As authorized in the client agreement, the account custodian withdraws Blue Capital, Inc.’s advisory fees directly from the clients’ accounts according to the custodian’s policies, practices, and procedures. The custodial statement includes the amount of any fees paid to BCI for advisory services. You should carefully review the statement from your custodian/broker-dealer’s statement and verify the calculation of fees. Your custodian/broker-dealer does not verify the accuracy of fee calculations.

Fees are charged in arrears on a monthly basis, meaning that advisory fees for a month are charged on the first day of the following month. Clients may terminate investment advisory services obtained from BCI, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with BCI. The client is responsible for any fees and charges incurred by the client from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, the client may terminate advisory services upon written notice delivered to and received by BCI. Clients who terminate investment advisory services during a month are

charged a prorated advisory fee based on the date of BCI's receipt of client's written notice to terminate. Any earned but unpaid fees are immediately due and payable.

**Financial Planning** – Financial planning services are charged in arrears through a fixed fee or hourly arrangement as agreed upon between the client and Blue Capital, Inc. There will never be an instance where \$500 or more in fees is charged six or more months in advance. Hourly fees are generally charged when the scope of services cannot be determined or if the services are limited to one meeting. Fixed fees are generally quoted to the client for longer term consulting projects. Fees are negotiable and vary depending upon the complexity of the client situation and services to be provided. Hourly fees range from \$100 - \$250 per hour, depending on what is negotiated between BCI and the client. Similar financial planning services may be available elsewhere for a lower cost to the client. Fixed fees for longer-term consulting projects range from \$1,000 to \$5,000 per project. An estimate for total hours and charges is determined at the start of the advisory relationship.

**Financial Planning Retainer Services** – The Financial Planning retainer is mutually agreed upon at the onset of this service. The flat fee is typically based on the complexity of the client's situation, net worth, number of accounts, amount of assets, allocation complexity, the expected time required during the year, and the particular services we will provide to address the client's unique financial situation. There is an on-going retainer fee of up to \$500 at the discretion of the firm. The on-going fee is paid monthly in advance. There will never be an instance where \$500 or more in fees is charged six or more months in advance. Similar financial planning services may be available elsewhere for a lower cost to the client. The Client acknowledges that the retainer services are for advisement only. The Client shall retain full discretion to supervise, manage and direct assets of the Client that may be held by a separate agreement between the Client and the Custodian. The Client is free to implement or ignore any recommendations and/or advice provided by Advisor.

Typically, clients will be invoiced monthly for all time spent by BCI as agreed upon by client or upon completion of the services if less than a month. Clients who wish to terminate the planning process prior to completion may do so with written notice. The client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period by contacting Jay Molina at (402) 932-0131. Upon receipt of written notification, any earned fee will immediately become due and payable. A client may terminate an advisory agreement without being assessed any fees or expenses within five (5) days of its signing.

### **Additional Fees and Expenses**

In addition to advisory fees paid to BCI as explained above, clients may pay custodial service, account maintenance, transaction, and other fees associated with maintaining the account. These fees vary by broker and/or custodian. Clients should ask BCI for details on transaction fees or other custodial fees specific to their account, as these fees are not included in the annual advisory fee. BCI does not share any portion of such fees. Additionally, for any mutual funds purchased, the client may pay their proportionate share of the funds' distribution, internal management, investment advisory and administrative fees. Such fees are not shared with BCI and are compensation to the fund manager. Clients are urged to read the mutual fund prospectus prior to investing.

Mutual fund companies impose internal fees and expenses on clients. These fees are in addition to the costs associated with the investment advisory services as described above. Complete details of such internal expenses are specified and disclosed in each mutual fund company's prospectus. Clients are strongly advised to review the prospectus(es) prior to investing in such securities.

Mutual funds purchased or sold in broker-dealer accounts may generate transaction fees that would not exist if the purchase or sale were made directly with the mutual fund company. Mutual funds held in broker-dealer accounts also charge management fees. These mutual fund management fees may be more or less than the mutual fund management fees charged if the client held the mutual fund directly with the mutual fund company.

Clients may purchase shares of mutual funds directly from the mutual fund issuer, its principal underwriter, or a distributor without purchasing the services of BCI or paying the advisory fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge (as described in the mutual fund prospectus) may be more or less than the applicable advisory fee. However, clients would not receive BCI's assistance in developing an investment strategy, selecting securities, monitoring performance of the account, and making changes as necessary. BCI does not 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.

Please refer to Item 12 "Brokerage Practices" of this brochure for additional information.

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### ***Performance-Based Fees and Side-by-Side Management***

Blue Capital, Inc. does not charge performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or appreciation of the assets of a client. Our fees are calculated as described in Fees and Compensation section above and are not charged on the basis of performance of your advisory account.

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### ***Types of Clients***

BCI offers investment advisory services to individuals. There is no minimum account size to open and maintain an advisory account.

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## ***Methods of Analysis, Investment Strategies, and Risk of Loss***

BCI's methods of analysis and investment strategies incorporate the client's needs and investment objectives, time horizon, and risk tolerance. BCI is not bound to a specific investment strategy for the management of investment portfolios, but rather consider the risk tolerance levels pre-determined gathered at the account opening, as well as on an on-going basis. Examples of methodologies that our investment strategies may incorporate include:

**Asset Allocation** – Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk.

**Dollar-Cost Averaging** – Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

**Technical Analysis** – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

**Long-Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Short-Term Purchases** – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Investing in securities involves risk of loss that clients should be prepared to bear. Although we manage your portfolio with strategies and in a manner consistent with your risk tolerances, there can be no guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Regardless of the methods of analysis or strategies suggested for your particular investment goals, you should carefully consider these risks, as they all bear risks.

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## ***Disciplinary Information***

Blue Capital, Inc. or its Principal Executive Officers have not had any reportable disclosable events in the past ten years.



Blue Capital, Inc. or its Principal Executive Officers have not been involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction, an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority, and/or a self-regulatory organization (SRO) proceeding.

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### ***Other Financial Industry Activities and Affiliations***

Jay Molina and Mike Herek, owners and investment advisor representatives of BCI, are not registered or pending registration with any broker-dealer.

Neither BCI, nor its representatives, are registered as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor.

Neither BCI nor its representatives recommend or select other registered investment advisers to manage assets and act as sub-advisor of Client accounts. Our firm does not directly or indirectly receive compensation for the recommendation or selection of other investment advisers.

Jay Molina and Mike Herek are also licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. BCI always acts in the best interest of the client, including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of BCI in their capacity as insurance agents.

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

BCI's Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect client interests at all times and to demonstrate our commitment to fiduciary duties of honesty, good faith, and fair dealing. All of BCI's Associated Persons are expected to strictly adhere to these guidelines. Persons associated with Blue Capital; Inc. are also required to report any violations to the Code of Ethics. Additionally, the firm maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about our clients or client accounts by persons associated with our firm.

BCI and its employees may buy or sell securities that are also held by clients. It is the expressed policy of the advisor that no person employed by our firm purchase or sell any security prior to the

transaction being implemented for an advisory account; therefore, preventing such employees from benefiting from transactions placed on behalf of the advisory clients.

The advisor does not have, nor plans to have, an interest or position in a security which is then also recommended to the client. As these situations present a conflict of interest, the advisor has established the following restrictions in order to ensure its fiduciary responsibilities should this issue ever arise:

1. A director, officer or employee of the advisor shall not buy or sell a security for their personal portfolio(s) where their decision is substantially derived, in whole or part, by reason of his or her employment, unless the information is also available to the investing public. No owner/employee of BCI shall prefer their own interest to that of the client.
2. The advisor maintains a list of all securities held by the company and all directors, officers, and employees. These holdings are reviewed on a quarterly basis by the principal of the firm.
3. The advisor requires that all employees must act in accordance with all applicable Federal and State regulations governing registered investment advisors.
4. The advisor will not block personal trades with those of clients to ensure that clients are not at a disadvantage.

### **Donations to Charities**

From time to time, BCI may donate to charitable organizations that are affiliated with clients, are supported by clients, and/or are supported by an individual employed by one of our clients. Because BCI's contributions may result in the recommendation of BCI or its products, such contributions may raise a potential conflict of interest. As a result, BCI maintains records of all charitable contributions and requires that all contributions are made directly to the charitable organization, a 501(c)(3) organization. No contribution will be made if the contribution implies that continued or future business with BCI depends on making such contribution.

BCI donates all gains that are the result of trade errors to charity.

BCI's Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Jay Molina at (402) 932-0131.

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### ***Brokerage Practices***

BCI offers a clearing platform to execute securities business for investment advisory services through TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"). In order for BCI to provide asset management services, we request you utilize the brokerage and custodial services of TD Ameritrade. TD Ameritrade is an independent SEC-registered broker dealer and is separate and unaffiliated with BCI. TD Ameritrade offers services to independently registered investment advisors which include custody of securities, trade execution and clearance and settlement of transactions. The firm receives some benefits from TD

Ameritrade through its participation in the TD Ameritrade Institutional program, as described in greater detail below.

BCI evaluates broker dealer/custodians based on our projected AUM and the best fit for our business model. In considering which independent qualified custodian would be the best fit for BCI's business model, we evaluate the following factors, which is not an all-inclusive list:

- Financial strength
- Reputation
- Reporting capabilities
- Execution capabilities
- Pricing, and
- Types and quality of research

While you are free to choose any broker-dealer or other service provider, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including, but not limited to research, market information, and administrative services that help our firm manage your account(s). We believe that recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the recommended broker-dealers, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm.

You may direct us in writing to use a particular broker-dealer to execute some or all of the transactions for your account. If you do so, you are responsible for negotiating the terms and arrangements for the account with that broker-dealer. We may not be able to negotiate commissions, obtain volume discounts, or best execution. In addition, under these circumstances a difference in commission charges may exist between the commissions charged to clients who direct us to use a particular broker or dealer and other clients who do not direct us to use a particular broker or dealer.

BCI does not have any soft dollar arrangements.

BCI does not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

BCI does not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). BCI gives each client individualized services based on the customer's financial goals and risk tolerance. Based on the differing needs of every client, BCI does not find that it is common practice for different clients to benefit from the same trades at the exact same time. By not aggregating orders, clients may incur a higher charge than with a firm that does aggregate orders due to larger volume discounts.

## ***Review of Accounts***

Client accounts are reviewed at least quarterly by Jay Molina, Principal Executive Officer of the firm. Jay Molina reviews clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at BCI are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Jay Molina, Principal Executive Officer of the firm. There is only one level of review and that is the total review conducted to create the financial plan.

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

Each client will receive at least quarterly a written report that details the clients' account which may come from the custodian. Each client will also receive at least quarterly an invoice from BCI that details all asset management fees charged to the clients' account by BCI. Clients are encouraged to review these statements to verify accuracy and calculation correctness.

Clients are provided a one-time financial plan concerning their financial situation. Clients may request additional plans or reports for a fee.

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## ***Client Referrals and Other Compensation***

BCI does not compensate any individual or firm for client referrals. In addition, BCI does not receive compensation for referring clients to other professional service providers.

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## ***Custody***

BCI does not have physical custody of any client funds and/or securities and does not take custody of client accounts at any time. Client funds and securities will be held with a bank, broker dealer, or other independent qualified custodian. You will receive account statements from the independent, qualified custodian holding your funds, at least quarterly. The account statement from your custodian will indicate the amount of advisory fees deducted from your account(s) each billing cycle. Clients should carefully review statements received from the custodian. BCI also sends quarterly invoices to all clients detailing the manner and amount of advisory fees.

**Standing Letters of Authorization** Some clients may execute limited powers of attorney or other standing letters of authorization that permit the firm to transfer money from their account with the

client's independent qualified Custodian to third-parties. This authorization to direct the Custodian may be deemed to cause our firm to exercise limited custody over your funds or securities and for regulatory reporting purposes, we are required to keep track of the number of clients and accounts for which we may have this ability. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate any transfers that may have taken place within your account(s) each billing period. You should carefully review account statements for accuracy.

The SEC's No Action Letter to the Investment Adviser Association dated February 21, 2017 sets forth seven (7) safeguards: 1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed. 2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time. 3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer. 4. The client has the ability to terminate or change the instruction to the client's qualified custodian. 5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction. 6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser. 7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

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### ***Investment Discretion***

Before BCI can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a limited power of attorney, and/or trading authorization forms. By choosing to do so, you may grant the firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Clients may impose limitations on discretionary authority for investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.), as well as other limitations as expressed by the client. Limitations on discretionary authority are required to be provided to the IAR in writing. Please refer to the "Advisory Business" section of this Brochure for more information on our discretionary management services.

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### ***Voting Client Securities***

We do not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own



shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

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### ***Financial Information***

BCI is not required to provide financial information to our clients because we do not require or solicit the prepayment of more than \$1,200 six or more months in advance.

Neither BCI nor its executive officers have been the subject of a bankruptcy petition at any time during the past ten years. There is no financial condition reasonably likely to impair the ability to meet contractual commitments to clients.

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### ***Requirements for State-Registered Advisers***

This item is not applicable as the firm is registered with the SEC.

