

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

March 29, 2018

#### **Optimal Capital Advisors, LLC**

SEC File No. 801-68219

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This brochure provides information about the qualifications and business practices of Optimal Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 231-933-4677. 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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

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

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4: Advisory Business

### A. Optimal Capital Advisors, LLC

Optimal Capital Advisors, LLC ("Optimal Capital" and/or "the firm") is a Michigan limited liability company and is principally owned by Jay Batcha. The firm has been offering investment advisory services since 2007.

### B. Advisory Services Offered

#### B.1. Investment Management Services

Optimal Capital provides investment management services on a discretionary basis according to the investment objectives of the client and in accordance with the terms and conditions of the investment advisory agreement between Optimal Capital and the client. Based upon the client's stated investment objectives, Optimal Capital's investment management focuses on the use of diversified models including the following:

- Global Multi Asset Portfolios (conservative, balanced, and growth), known as Optimal TLC strategies
- An Alternative Asset Class Portfolio, known as Optimal TLC1 Completion Strategy
- Optimal Guard Sector Rotation Strategy, which is a long/short strategy managed by Optimal Capital utilizing the Reality Shares ETF methodology and proprietary index

For its discretionary asset management services, Optimal Capital receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure. Based upon these model portfolios, Optimal Capital will invest client's accounts in certain percentages amongst numerous asset classes (e.g. global stocks, global bonds, global currencies and commodities).

In addition to providing Optimal Capital with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. On a quarterly basis, Optimal Capital's reports to clients will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Optimal Capital will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

#### B.2. Optimal Alternative Titans

Optimal Capital offers, through its Optimal Alternative Titans program, a diversified suite of hedge funds available through a hedge fund platform sponsored by Crystal Capital. Optimal

<sup>1</sup> Transparency Liquidity & Control is a registered trademark of Optimal Capital Advisors, LLC.

Capital selects and allocates amongst the managers available on the Crystal Capital platform based upon the client's individual needs and circumstances. Crystal Capital provides research, due-diligence, analytical, and administrative support.

Clients will receive disclosure documents for each hedge fund in which they are interested in investing as well as be required to complete and sign a subscription document prior to investing. There are strict minimum investor qualifications and minimum investment criteria that apply. See Item 7 of this Brochure for additional conditions. In addition, please review applicable disclosure and subscription documentation of the hedge funds made available through Crystal Capital's hedge fund platform.

### **B.3. Consulting and Financial Planning Services**

Optimal Capital provides its clients with financial planning and consultation services, which include but are not limited to the following:

- Review of goals and objectives
- Analysis and recommendations for cash flow planning
- Asset allocation/investment planning
- Income tax planning
- Insurance planning
- Estate planning
- Retirement planning
- Education planning
- Real estate/mortgage planning

Optimal Capital gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

### **B.4. Sub-Advisory Services**

Optimal Capital provides advisory services acting as a sub-adviser to various broker-dealers and registered investment advisers programs. In this capacity, Optimal Capital does not provide individualized client investment management but rather provides portfolio design, asset allocation, and securities selection for investment portfolios to be used in adviser accounts. Based on investment analysis, Optimal Capital will monitor and recommend changes to portfolio models.

Optimal Capital also provides wholesaling, marketing, and sales support to investment adviser and registered representatives who have access to these respective programs. Optimal Capital markets these portfolio models to financial institutions under the trade name "Optimal Advisor Solutions."

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

### **D. Wrap Fee Programs**

In addition to its advisory services set forth above, Optimal Capital has entered into relationships with certain broker-dealers and investment advisors to act as a portfolio manager on their respective wrap program platforms. In these situations, Optimal Capital will provide the same advisory services set forth above (e.g. Model Portfolio Allocation) to clients of the respective financial institution's wrap program.

### **E. Client Assets Under Management**

As of December 31, 2017, Optimal Capital manages \$255,622,207 of discretionary client assets and \$5,403,894 of non-discretionary client assets.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Investment Management Fee Schedule

Optimal Capital's investment management fee schedule ("advisory fees") for accounts managed by Optimal Capital is based on a percentage of assets (generally net of any debit balances) and is set forth below.

Assets Under Management	Annual Fee Rate
First \$500,000	2.00%
Next \$500,000	1.75%
Next \$1,000,000	1.50%
Next \$1,000,000	1.25%
Next \$2,000,000	1.00%
Next \$5,000,000	0.75%
Over \$10,000,000	0.50%

Optimal Capital's actual fees may be negotiated and a client may pay more or less than similar clients depending on the particular circumstances of the client, which may include considerations related to size of the client's account, additional and/or differing levels of service, or as negotiated. Clients that negotiate fees may end up paying a higher fee than that set forth in the fee schedules above as a result of fluctuations in the client's assets under management and/or account performance.

Advisory fees are always subject to the investment advisory agreement between the client and Optimal Capital. Such fees are payable quarterly in advance. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month. Adjustments for significant contributions to a client's portfolio are prorated for the quarter in which the change occurs; no adjustments will be made for withdrawals.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Optimal Capital may modify the fee at any time upon written notice to the client.

A client investment advisory agreement may be canceled at any time by either party upon written notice. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.



## **A.2. Consulting Fees**

Optimal Capital's consulting fees range from \$500 to \$3,000 on a fixed fee basis, and will depend upon the level and scope of the services required. Fixed fees are computed based upon a good faith estimate of hours required to perform services. For fixed fee arrangements, Optimal Capital will provide the prospective client with an estimate of the fixed charges prior to finalizing the financial planning agreement. Typically, one-half of Optimal Capital fees are due upon signing of the initial Financial Planning Engagement, with the balance due upon presentment of Optimal Capital's recommendations.

## **A.3. Sub-Advisory Services Fees**

Optimal Capital is compensated directly by the financial institution pursuant to a contractual agreement.

## **A.4. Portfolio Manager – Wrap Fee Program Fees**

With respect to Optimal Capital's engagement as a portfolio manager, these clients will execute an agreement with the broker-dealer wrap sponsor. All information regarding fees and costs associated with the wrap program are provided to the clients by the wrap sponsor via their disclosure brochure.

## **B. Client Payment of Fees**

Optimal Capital generally requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Optimal Capital will not take custody or possession of client funds or securities at any time except to the extent that Optimal Capital may deduct fees directly from the client's account. Optimal Capital will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

## **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar

disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Optimal Capital may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

#### **D. Prepayment of Client Fees**

Optimal Capital generally requires advisory fees to be prepaid on a quarterly basis. Optimal Capital's fees will either be paid directly by the client or disbursed to Optimal Capital by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account. A client investment advisory agreement may be canceled at any time by either party upon written notice. Upon termination, any unearned, prepaid fees will be promptly refunded.

For financial planning clients, one-half of Optimal Capital fees are generally due upon signing of the initial financial planning engagement, with the balance due upon presentment of Optimal Capital's recommendations. Such engagement may be canceled at any time by either party upon written notice. Upon termination, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be immediately due and payable.

The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

#### **E. External Compensation for the Sale of Securities to Clients**

Optimal Capital's advisory professionals are compensated primarily through a salary and bonus structure. Optimal Capital's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Optimal Capital's advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 10.C. for detailed information and conflicts of interest.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Optimal Capital does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## Item 7: Types of Clients

Optimal Capital provides investment advisory services to the following types of clients:

- Individuals and high-net-worth individuals
- Trusts, estates, charitable organizations
- Corporations
- 401(k) plans

For recommendations of managers on the Crystal Capital platform, such clients have to be qualified purchasers as defined under the Investment Company Act of 1940. This generally means a minimum investment in this platform of \$1 million. Please carefully review disclosure and subscription documents prior to investing.

A “qualified purchaser” is defined as:

- i. any natural person (including any person who holds a joint, community property, or other similar shared ownership interest in an issuer that is excepted under section 3(c)(7) with that person’s qualified purchaser spouse) who owns not less than \$5,000,000 in investments, as defined below;
- ii. any company that owns not less than \$5,000,000 in investments and that is owned directly or indirectly by or for two or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations, or trusts established by or for the benefit of such persons;
- iii. any trust that is not covered by clause (ii) and that was not formed for the specific purpose of acquiring the securities offered, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a person described in clause (i), (ii), or (iv); or
- iv. any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than \$25,000,000 in investments;
- v. any qualified institutional buyer as defined in Rule 144A under the Securities Act, acting for its own account, the account of another qualified institutional buyer, or the account of a qualified purchaser, provided that (i) a dealer described in paragraph (a)(1)(ii) of Rule 144A shall own and invest on a discretionary basis at least \$25,000,000 in securities of issuers that are not affiliated persons of the dealer; and (ii) a plan referred to in paragraph (a)(1)(D) or (a)(1)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(F) of Rule 144A that holds the assets of such a plan, will not be deemed to be acting for its own account if investment decisions with respect to the plan are made by the beneficiaries of the plan, except with respect to investment decisions made solely by the fiduciary, trustee or sponsor of such plan;

- vi. any company that, but for the exceptions provided for in Sections 3(c)(1) or 3(c)(7) under the ICA, would be an investment company (hereafter in this paragraph referred to as an "excepted investment company"), provided that all beneficial owners of its outstanding securities (other than short-term paper), determined in accordance with Section 3(c)(1)(A) thereunder, that acquired such securities on or before April 30, 1996 (hereafter in this paragraph referred to as "pre-amendment beneficial owners"), and all pre-amendment beneficial owners of the outstanding securities (other than short-term paper) or any excepted investment company that, directly or indirectly, owns any outstanding securities of such excepted investment company, have consented to its treatment as a qualified purchaser.
- vii. any natural person who is deemed to be a "knowledgeable employee" of the [fund], as such term is defined in Rule 3c-5(4) of the ICA; or
- viii. any person ("Transferee") who acquires Interests from a person ("Transferor") that is (or was) a qualified purchaser other than the [fund], provided that the Transferee is: (i) the estate of the Transferor; (ii) a person who acquires the Interests as a gift or bequest pursuant to an agreement relating to a legal separation or divorce; or (iii) a company established by the Transferor exclusively for the benefit of (or owned exclusively by) the Transferor and the persons specified in this paragraph.
- ix. any company, if each beneficial owner of the company's securities is a qualified purchaser.

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

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

Optimal Capital uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Optimal Capital and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to attempt the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Optimal Capital reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Optimal Capital may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **A.1. Material Risks of Investment Instruments**

Investing involves risk of loss which an investor should be prepared to assume. Optimal Capital may invest in open-end mutual funds and exchange-traded funds for the vast majority of its clients. In addition, for certain clients, Optimal Capital may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities

- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Private placements
- Pooled investment vehicles
- Corporate debt obligations

#### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **A.2.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.2.c. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.2.d. Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

#### **A.2.e. Corporate Debt, Commercial Paper and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.f. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.2.g. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.



#### **A.2.h. Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

#### **A.2.i. Pooled Investment Vehicles**

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, PDIV will be unable to monitor or verify the accuracy of such performance information.

#### **A.2.j. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

### **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

#### **B.1. Model Portfolios**

Based upon the client's stated investment objectives, Optimal Capital's investment management focuses on the use of diversified models, including

- Global Multi Asset Portfolios (conservative, balanced, and growth), known as "Optimal TLC Strategies."
- An Alternative Asset Class Portfolio known as "Optimal TLC Completion Strategy"
- Optimal Guard Sector Rotation Strategy, which is a long/short strategy managed by Optimal Capital utilizing the Reality Shares ETF methodology and proprietary index

## **B.2. Margin Leverage**

Although Optimal Capital, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Optimal Capital will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

## **B.3. Short-Term Trading**

Although Optimal Capital, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

#### **B.4. Short Selling**

Optimal Capital generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

#### **B.5. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Optimal Capital as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

##### **B.5.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

##### **B.5.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

##### **B.5.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in

value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither Optimal Capital nor its affiliates are registered broker-dealers and do not have an application to register pending.

### **B. Futures or Commodity Registration**

Neither Optimal Capital nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Licensed Insurance Representatives**

Certain advisory affiliates of Optimal Capital are licensed insurance agents. With respect to the provision of financial planning services, Optimal Capital professionals may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Please also be advised that Optimal Capital strives to put its clients' interests first and foremost, and clients may utilize any insurance carrier or insurance agency they desire.

#### **C.2. Sub-Adviser Services Provided by Optimal Capital**

Optimal Capital functions as a sub-adviser and provides asset management services to a variety of third party platform sponsors. Such services generally entail the use of model portfolios which Optimal Capital actively manages. Please be advised that other than its management fees for sub-adviser services, Optimal Capital does not receive additional compensation. Optimal Capital provides sub-adviser management services to following entities:

- L.M. Kohn
- Capital Asset Advisory Services

#### **C.3. Crystal Capital**

Optimal Capital offers, through its Optimal Alternative Titans program, a diversified suite of hedge funds available through a hedge fund platform sponsored by Crystal Capital. Optimal Capital selects and allocates amongst the managers available on the Crystal Capital platform. Crystal Capital provides research, due-diligence, analytical, and administrative support. Clients will receive disclosure documents for each hedge fund in which they are interested in investing as well as be required to complete and sign a subscription document prior to investing. There are strict minimum investor qualifications and minimum investment criteria that apply. See Item

7 of this Brochure for additional conditions. In addition, please review applicable disclosure and subscription documentation of the hedge funds made available through Crystal Capital's hedge fund platform.

#### **C.4. Optimal Capital Private Equity Investments – Conflict of Interest Disclosure**

Optimal Capital and or its related persons have private equity investments in the following entities:

- Vector-Center
- Accountable Healthcare Staffing
- Reality Shares ETF
- Arctaris Private Debt Fund

Although the firm strives to place its clients' interests first, please be advised that any recommendation of these companies to advisory clients represents a conflict of interest in that such recommendations may be viewed as being in the best interests of Optimal Capital and or its related persons versus those of its clients.

With respect to Reality Shares ETF, please note that Optimal Capital or its related persons have an equity investment in Reality Shares. Optimal utilizes Reality Shares in one or more of its model portfolios. As a result, Optimal Capital has an economic incentive to utilize the Reality Shares ETF as the embedded fees charged by the ETF which are reflected in the fund's net asset value ("NAV") indirectly benefit its equity holders, which includes Optimal Capital and or its related persons. Lastly, Optimal Capital and Reality Shares ETF have entered into a strategic relationship where Optimal effectively licenses the use of Reality Share's ETF methodology and proprietary index to offer a long / short separately managed account product.

It is the policy of Optimal Capital to place the clients' interests above those of Optimal Capital and its employees.

#### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Other than as described above, Optimal Capital does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Optimal Capital has adopted policies and procedures designed to detect and prevent insider trading. In addition, Optimal Capital has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Optimal Capital's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Optimal Capital. Optimal Capital will send clients a copy of its Code of Ethics upon written request.

Optimal Capital has policies and procedures in place to ensure that the interests of its clients are given preference over those of Optimal Capital, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Optimal Capital does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Optimal Capital does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Optimal Capital, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Optimal Capital specifically prohibits. Optimal Capital has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and



- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Optimal Capital's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Optimal Capital, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Optimal Capital clients. Optimal Capital will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of Optimal Capital to place the clients' interests above those of Optimal Capital and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

Optimal Capital may recommend that clients establish brokerage accounts with Fidelity or Millennium Trust (collectively "custodian"), FINRA registered broker-dealers, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Optimal Capital may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Optimal Capital is independently owned and operated and not affiliated with custodian. For Optimal Capital client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Optimal Capital considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Optimal Capital, Optimal Capital will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Optimal Capital will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

##### A.1.a. Soft Dollar Arrangements

Optimal Capital does not utilize soft dollar arrangements. Optimal Capital does not direct brokerage transactions to executing brokers for research and brokerage services.

##### A.1.b. Institutional Trading and Custody Services

The custodians provides Optimal Capital with access to their institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

**A.1.c. Other Products and Services**

Custodian also makes available to Optimal Capital other products and services that benefit Optimal Capital but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Optimal Capital's accounts, including accounts not maintained at custodian. The custodian may also make available to Optimal Capital software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Optimal Capital's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Optimal Capital manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Optimal Capital personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Optimal Capital may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

**A.1.d. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Optimal Capital. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Optimal Capital.

**A.1.e. Additional Compensation Received from Custodians**

Optimal Capital may participate in institutional customer programs sponsored by broker-dealers or custodians. Optimal Capital may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Optimal Capital's participation in such programs and the investment advice it gives to its clients, although Optimal Capital receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations

- Research-related products and tools
- Consulting services
- Access to a trading desk serving Optimal Capital participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Optimal Capital by third-party vendors

The custodian may also pay for business consulting and professional services received by Optimal Capital's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for Optimal Capital's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Optimal Capital but may not benefit its client accounts. These products or services may assist Optimal Capital in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Optimal Capital manage and further develop its business enterprise. The benefits received by Optimal Capital or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Optimal Capital also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Optimal Capital to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Optimal Capital will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Optimal Capital's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Optimal Capital's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Optimal Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Optimal Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Optimal Capital's recommendation of broker-dealers for custody and brokerage services.

## **A.2. Brokerage for Client Referrals**

Optimal Capital does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **A.3. Directed Brokerage**

#### **A.3.a. Optimal Capital Recommendations**

Optimal Capital typically recommends Fidelity or Millennium Trust as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

#### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct Optimal Capital to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Optimal Capital derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Optimal Capital loses the ability to aggregate trades with other Optimal Capital advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

Optimal Capital, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. Optimal Capital recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Optimal Capital will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Optimal Capital seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Optimal Capital's knowledge, these custodians provide high-quality execution, and Optimal Capital's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Optimal Capital believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since Optimal Capital may be managing accounts with similar investment objectives, Optimal Capital may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Optimal Capital in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Optimal Capital's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Optimal Capital will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Optimal Capital's advice to certain clients and entities and the action of Optimal Capital for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Optimal Capital with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Optimal Capital to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This

is true even if Optimal Capital believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Optimal Capital acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Optimal Capital determines that such arrangements are no longer in the best interest of its clients.

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Accounts are reviewed by the firm's principals, Jay Batcha. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than annually.

Financial planning clients receive their financial plans and recommendations at the time service is completed. There are no post-plan reviews unless engaged to do so by the client.

### **B. Review of Client Accounts on Non-Periodic Basis**

Optimal Capital may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Optimal Capital formulates investment advice. More frequent reviews may also be triggered by tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in corporate management, or changes in macro-economic climate.

### **C. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Optimal Capital.

The firm provides quarterly portfolio reviews for all clients receiving discretionary management services, which include portfolio summaries and performance reporting.



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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Please refer to the disclosures in Items 10 and 12 regarding referrals to third-party service providers and benefits the firm receives from its custodian(s). Optimal Capital may receive economic benefits for referring clients to third-party service providers. You are under no obligation to utilize any service provider recommended to you by Optimal Capital or its affiliates.

### **B. Advisory Firm Payments for Client Referrals**

Optimal Capital may enter into agreements with solicitors who will refer prospective advisory clients to Optimal Capital in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Optimal Capital. The solicitor must provide the client with a disclosure document describing the fees it receives from Optimal Capital, whether those fees represent an increase in fees that Optimal Capital would otherwise charge the client, and whether an affiliation exists between Optimal Capital and the solicitor.

## Item 15: Custody

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's account. Clients are urged to compare billing statements provided by Optimal Capital to the custodian statement for accuracy. Any discrepancies should be brought to the firm's attention. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Optimal Capital with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Optimal Capital will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17: Voting Client Securities

Optimal Capital does not take discretion with respect to voting proxies on behalf of its clients. Optimal Capital will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Optimal Capital supervised and/or managed assets. In no event will Optimal Capital take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Optimal Capital will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Optimal Capital has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Optimal Capital also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Optimal Capital has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Optimal Capital receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Optimal Capital does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Optimal Capital does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.