

# The Optimized RIA, Inc.

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of The Optimized RIA, Inc.. If you have any questions about the contents of this brochure, please contact us at (770) 642-4902 or by email at: [vance@howardcm.com](mailto:vance@howardcm.com). 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 The Optimized RIA, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Optimized RIA, Inc.'s CRD number is: 281832.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The Optimized RIA, Inc. has not yet filed an annual updating amendment using the Form ADV Part 2A. Therefore there are no material changes to report.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

The Optimized RIA, Inc. (hereinafter "TORI") is a Corporation organized in the State of Texas.

The firm was formed in September 2015, and the principal owner is Ronald Vance Howard.

### **B. Types of Advisory Services**

#### ***Selection of Other Advisers***

TORI may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, TORI will always ensure those other advisers are properly licensed or registered as an investment adviser. TORI then makes investments with a third-party investment adviser by referring the client to the third-party adviser. TORI will not review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

#### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

#### **Services Limited to Specific Types of Investments**

TORI generally limits its investment advice to mutual funds, equities and ETFs, although TORI primarily recommends mutual funds to a majority of its clients. TORI may use other securities as well to help diversify a portfolio when applicable.

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

TORI will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by TORI on behalf of the client. TORI may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. TORI does not participate in any wrap fee programs.

## **E. Assets Under Management**

TORI has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	November 2015

# **Item 5: Fees and Compensation**

## **A. Fee Schedule**

### ***Selection of Other Advisers Fees***

TORI will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between TORI and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency.

TORI may direct clients to Howard Capital Management, Inc. The annual fee schedule is as follows:

Total Assets Under Management	TORI's Fee	Third Party's Fee	Total Fee
All Assets	1.10%	1.10%	2.20%

TORI uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

These fees are negotiable.

### ***Financial Planning Fees***

Clients may terminate the agreement without penalty for a full refund of TORI's fees within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

### ***Fixed Fees***

The negotiated fixed rate for creating client financial plans is between \$100 and \$20,000. Fees are charged 100% in advance, but never more than six months in advance.

## **B. Payment of Fees**

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of Howard Capital Management, Inc. as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid monthly in advance.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check, cash and wire.

Fixed financial planning fees are paid 100% in advance, but never more than six months in advance.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by TORI. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

TORI collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither TORI nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

TORI does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

TORI generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations or Business Entities

### ***Minimum Account Size***

There is no account minimum for any of TORI's services.

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

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

#### ***Methods of Analysis***

TORI's methods of analysis include charting analysis, fundamental analysis, technical analysis and quantitative analysis.

**Charting analysis** involves the use of patterns in performance charts. TORI uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.



## *Investment Strategies*

TORI recommends long term trading and short term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

#### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Selection of Other Advisers:** TORI's selection process cannot ensure that money managers will perform as desired and TORI will have no control over the day-to-day operations of any of its selected money managers. TORI would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

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

There are no criminal or civil actions to report.

## **B. Administrative Proceedings**

There are no administrative proceedings to report.

## **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

## **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither TORI nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither TORI nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Ronald Vance Howard operates an investment company or another pooled investment vehicle. From time to time, he will offer clients advice or products from this activity. The Optimized RIA, Inc. always acts in the best interest of the client.

Ronald Vance Howard is an investment adviser representative with another investment advisory firm, Howard Capital Management. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. TORI always acts in the best interest of the client and clients are in no way required to use the services of any representative of TORI in connection with such individual's activities outside of TORI.

## **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

TORI may direct clients to third-party investment advisers to manage all or a portion of the client's assets. TORI will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between TORI and each third-party advisor. The fees shared will not exceed any limit imposed by

any regulatory agency. This creates a conflict of interest in that TORI has an incentive to direct clients to the third-party investment advisers that provide TORI with a larger fee split. TORI will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. TORI will ensure that all recommended advisers are licensed or notice filed in the states in which TORI is recommending them to clients.

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

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

TORI has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. TORI's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

TORI does not recommend that clients buy or sell any security in which a related person to TORI or TORI has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of TORI may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of TORI to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. TORI will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of TORI may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of TORI to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such

transactions may create a conflict of interest; however, TORI will never engage in trading that operates to the client's disadvantage if representatives of TORI buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on TORI's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent.

TORI will require clients to use Pershing Advisor Solutions LLC.

#### ***1. Research and Other Soft Dollar Benefits***

TORI does not trade client's accounts and therefore receives no research, product, or services from a broker-dealer ("soft dollar benefits").

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

TORI receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

TORI does not trade client's accounts.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

TORI does not trade clients' accounts and therefore does not have the ability to block trade purchases across accounts.

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for TORI's advisory services provided on an ongoing basis are reviewed at least quarterly by John S Marion, CCO, with regard to clients' respective investment policies and risk tolerance levels. All accounts at TORI are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by John S Marion, CCO. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

With respect to financial plans, TORI's services will generally conclude upon delivery of the financial plan.

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of TORI's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Each financial planning client will receive the financial plan upon completion.

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

#### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

TORI currently has in place an arrangement to refer clients to Howard Capital Management, Inc. for a fee of 1.10%.

#### **B. Compensation to Non – Advisory Personnel for Client Referrals**

TORI does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

TORI does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the client's custodian. Clients will receive account statements from the custodian and should carefully review those statements.

### **Item 16: Investment Discretion**

TORI does not have discretion over client accounts at any time.

## **Item 17: Voting Client Securities (Proxy Voting)**

TORI will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

TORI neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither TORI nor its management has any financial condition that is likely to reasonably impair TORI's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

TORI has not been the subject of a bankruptcy petition in the last ten years.